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# NATION'S BUSINESS

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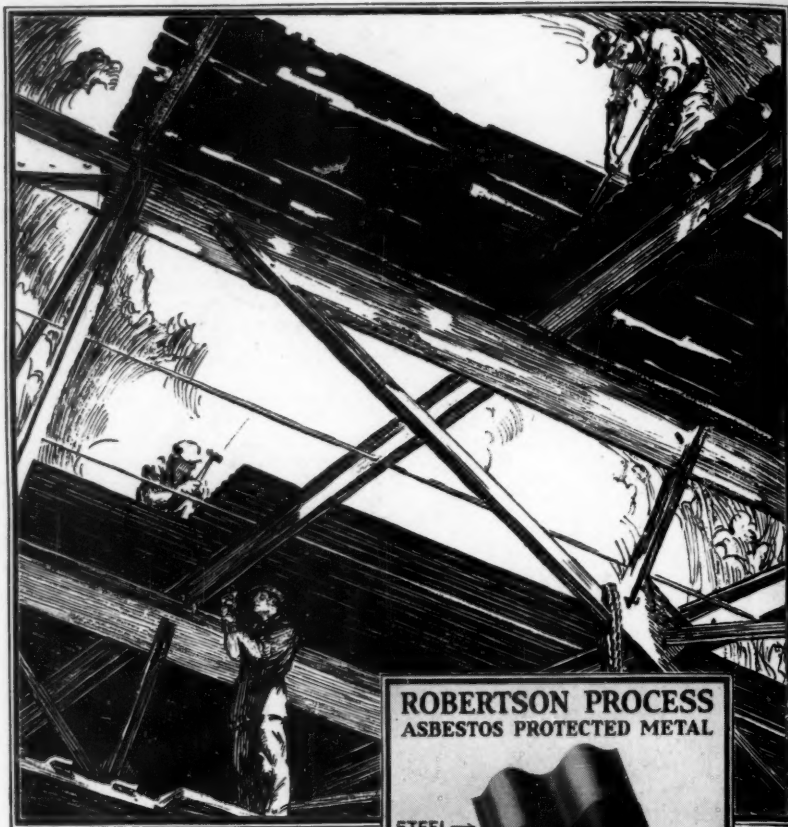
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# THE NATION'S BUSINESS

A Magazine for Commerce Business Men

VOLUME 11, NUMBER 1

JANUARY, 1923

## The Case as to Distribution

By REPRESENTATIVE SYDNEY ANDERSON

*Chairman of the Joint Congressional Commission of Agricultural Inquiry*

IN THE early days of this country there were practically no problems of distribution, because people lived simply. The population was largely agricultural. Families largely produced their own foodstuffs and clothing materials and found means for the construction of shelter close at hand. Movement of commodities from place to place was carried on almost wholly by ships, and settlements were, therefore, confined to the land contiguous to the ocean or inland waterways.

At first, factories were located close to raw materials. Production was upon a small scale and the cost proportionately large per unit. Distribution was largely local and the cost of distribution relatively small. With the development of machinery, rapid means of transportation and the evolution of the principles of mass production, there came about a revolution in the relationship between the costs of manufacture and distribution until today we have the opposite situation to that which existed thirty years ago—mass production at low unit cost and national distribution at high unit cost.

Now this evolution or revolution was not the product of the design of a master mind, nor was it a miracle wrought by the magic wand of legislation. It was the product of invention, experimentation, education and imitation. Each development was the solution of the problems of the individual manufacturer or distributor. This solution of individual problems was often without conscious appreciation of the relation of the solution to the whole scheme of distribution. These solutions were multiplied into the solution of problems of communities, states

SYDNEY ANDERSON, lumberjack, collection agent and lawyer, who now represents a Minnesota farming constituency in Congress, is the man who labeled DISTRIBUTION—the spread between the producer and the consumer. He was named Chairman of the Joint Congressional Committee on Agricultural Inquiry, handed an appropriation of some \$50,000 and told to find out why the farmer got so little of the consumer's dollar.

Forthwith, Representative Anderson organized a staff totaling nearly 3,000 experts in industry, banking, transportation and agriculture. For the most part these men either volunteered their services or were lent to the Commission by big business houses, banks and railroads. His assistants included hundreds of business executives, and it has been estimated that if the men who were cooperating in this work had drawn the salaries they were earning in their regular jobs, the pay roll would have amounted to more than \$110,000 a week, or to a total of \$5,720,000 for the year that the Commission was engaged in its investigation.

The Commission heard the testimony of thousands of men in touch with all the phases of marketing and distribution. Personal investigations were conducted by a staff of economists cooperating with some 200 committees from the various industries in gathering and analyzing data involving answers to more than fourteen million questionnaires, which called for nearly fifty million calculations. All of this Representative Anderson, who is a straight thinker and a hard worker, succeeded in accomplishing at a total cost of less than \$1,000 a week to the Government.

His report, recently published in four large volumes, is one of the clearest accounts of the development of what has come to be known as the Distribution problem that has ever been issued. Before sending the report to the printer, Representative Anderson called in twenty-one representatives of industry, transportation, agriculture and labor and the final report represents the composite views of these various elements.

Tens of thousands of pages of data obtained in this far-reaching investigation were not included in the report of the Commission, and Mr. Anderson has made use of much of this in the preparation of this article for *The Nation's Business*, which, according to experts who have read advance proofs, is about the best contribution to the subject of Distribution ever written.

This is the first of a series of seven or more articles to be published in *The Nation's Business* during the year 1923. In our desire to get at the heart of the problem of Distribution we approached the one man, whom experts recognize as the outstanding authority on Distribution as a whole, and requested him to lead off with the opening article of the series. Announcement of the articles to follow, each of which is to be written by an expert in his or her particular line, will be found on page 13.

THE EDITOR.

and nations. So distribution developed without regard to design or total economic cost. Each solution was tested by the supreme test of workability. Thus we developed a system of production and distribution which, whatever its faults, has the splendid virtue of working most of the time. So intricate is the vast economic machine, so delicate is

depreciation accumulate. Distribution contemplates two primary functions: first, the movement of commodities from the place of production to the place of consumption; second, the carrying of the commodities from the time of production to the time of consumption. Speaking generally, economics in distribution must be effected either by

its balance between time and distance, production and consumption that could it conceivably stop functioning altogether for a single day untold losses and suffering would result.

In order to apply the principle of reducing unit costs by increasing volume, the manufacturer extended his plant and produced more and more goods. Other manufacturers did the same thing. There has resulted an excess of manufacturing capacity. This excess capacity modifies the economies resulting from volume production, tends to increase the cost of production per unit and leads to seasonal employment which in its turn produces a demand for higher wages during the periods of employment.

The need of keeping this capacity employed in its turn produces a surplus of goods which the manufacturer forces into distributive channels by means of highly developed sales agencies and specialized selling and advertising campaigns. As every competing manufacturer is in the same position, competition becomes a race of expenditures. In the end the race is paid for by the public.

As more and more goods are forced into the channels of distribution these channels become congested; more goods are carried on the shelves and in the warehouses of merchants; turnover slows down and charges for storage, interest, rent and

reducing the distance which the commodity is moved from the place of production to the place of consumption or by reducing the time intervening between production and consumption. This statement, however, must not be taken too literally. Both of these factors are the product of a large variety of elements. The effect of distance from the market in the case of farm commodities may to a certain extent be modified by the concentration of production and the ability to ship in large quantities.

The rate of the turnover in its relation to interest,

the average within a radius of one thousand miles to two thousand miles may be as high as 40 per cent. If the unit of sales at a distance is small, the cost of sales and distribution in the more distant area will be still larger.

Some recent analyses that have been made of stocks in even the most modern stores developed a most amazing and unnecessary duplication of varieties, kinds and sizes. It must be obvious that the closer the merchant can approximate his stock to the consumer's requirements in point of variety, quantity, quality and size and the closer that he can buy in relation to those requirements the smaller will be his cost of doing business.

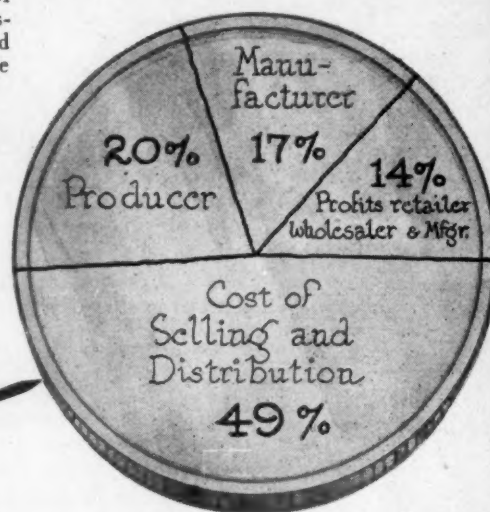
All of this goes directly to the point of emphasis. This point heretofore has been too largely, I think, in the direction of volume production and specialized sales and advertising policies with the purpose of forcing goods through the channels of distribution with too little regard of volume and character of consumer's requirements. The time has come to reverse this process—to begin with a more careful analysis of consumer's requirements with a view of relating those requirements more directly to the production and the manufacturing plant which can most economically reach the consuming territory.

My observation is that the greatest obstacle encountered in bringing about better methods of farming, manufacturing or distributing is the farmer, manufacturer or distributor. It is surprising how

experience of business upon which principles can be predicated.

I think I can say after conducting what was probably the most exhaustive investigation of business in all its relations ever carried out in the country that the surprising thing about business is not what we know about it, but what we don't know about it. I wish we might have a "know your own business" campaign in this country. It would be the most valuable educational campaign ever carried on.

If any business man who reads this article thinks he knows all about his own business let him sit down and try to write what he knows. Let him begin with its purpose and relation to the consumer and producer and the other agencies with which it contacts. Let him draw a diagram of its organizations. Let him see if he can evolve



Sydney Anderson explaining his distribution dollar which was one of the things he learned from the most elaborate study of marketing ever carried on in this country

difficult it is to inculcate into people an intelligent self-interest in their own affairs.

About 9 per cent of the manufacturers in the United States have cost systems. Relatively few business people keep sufficiently accurate or comprehensive records to furnish a basis for sound judgment of their own experience. Doubtless, if all farmers, manufacturers and distributors were as efficient as the most efficient great reductions could be made in the cost to the consumer. But I would not have all business done in imitation of another business, even the most successful.

There is too much addiction to convention and imitation now. Sometimes I think that most business is an imitation of an imitation of an imitation of some other business. Perhaps this is due to the fact that business in contrast to most of the professions is learned in practice by apprenticeship. The clerk becomes the merchant. The railway conductor becomes the railway executive; the salesman, the sales manager; the factory employee, the superintendent. Any of them may become chief executives.

This is all to the good, but it has resulted in emphasis upon convention and mechanics rather than upon principle and purpose. Perhaps it is partly due to the fact that there is very little accumulation of facts or

one important principle from his experience or his records. Let him write all he knows or can find out about it and I will guarantee him the most valuable business experience of his life.

Improvement must come through a better understanding of the processes of production, assembly, conversion and dispersing of goods and their relation to each other. This means the accumulation and organization of a larger basis of information drawn from the experience and records of successful business and the making of this information available not only to those who are in business but to those who want to go in business and to those who want to learn how business is done and how it ought to be done.

Are there too many retailers? Probably. So there are probably too many middle men, manufacturers and lawyers. There is no way of preventing a man entering any field of industry or commerce that he wants to enter and probably there ought not to be, but it might be possible to educate him to look before he leaps. It probably isn't possible to regulate production in such a way as to prevent an overproduction of overcompetition which jeopardizes the prosperity of an industry, perhaps of the country, as is so frequently the case with agricultural products; but it ought to be possible to secure such an accumulation and organization of the facts as would prevent such overproduction and overcompetition as knowledge of the facts would obviate.

No discussion of the problem of distribution and the excessive costs which characterize it would be complete without some reference to the part played in producing these costs by the variety and character of con-

rent, storage and other charges in which time is a factor is an important element. It costs more to sell in small quantities than in large quantities and to sell at long distances than at short distances.

Perhaps no exact formula can be established which will accurately measure the relationship costs of distribution and volume, distance and time, but in general it is perhaps safe to assume that the cost of distribution increases in proportion to the area of distribution, the number of transactions and the competition encountered. A manufacturer's average cost of selling and distributing his whole volume may be 25 per cent of the sales price. The average cost of sales and distribution to within five hundred miles radius of his plant may be 20 per cent, while



sumer's requirements for goods and services. It seems necessary to recognize the right of the consumer to buy where and what he will.

But there can be no doubt that a better knowledge of what these requirements are and a better organization of industry and commerce to meet them would result in economies of distribution. In localities where income and living standards are substantially uniform there could be such organization of these requirements as would more definitely relate these to the stocks of the community merchant. This would make possible the quicker turnover of the merchants' stocks and lower costs of doing business which could be reflected in reduced prices. But in considering the savings which can be made by greater efficiency, quicker turnover, elimination of waste on the part of any single agency in the chain of distribution, it must be remembered that the price which the consumer pays is the result of the addition and compounding of the costs of thousands of the elements of service and material.

The woman who buys a package of breakfast food in the corner grocery pays not only for the oats in the package but for a pasteboard box and an air-tight wrapper and a part of the rent, interest, profits of the merchant, cost of delivery, carton in which the packages were shipped, part of the wages of the lumberjack who felled the tree and the mill operative who helped to convert it into pulp out of which the carton was made, part of the wages of the engineer, fireman and brakeman who ran the train that transported the carton, part of the cost of the rails and the engine and part of the cost of the coal that produced the steam that ran the engine, *ad infinitum*. The price which the consumer pays is a complex of thousands, perhaps millions, of other prices. Reductions in every element of cost which goes to make up the final price must be effected all along the line, if the sum total of distributive costs which constitute a great over-burden which the consumer pays is to be reduced.

How are these costs distributed between producer, converter, wholesaler and retailer? Where does the consumer's dollar go to, anyway?

Let's make a little trip to market with Mrs. Jones and find out why it costs to "keep up with the Joneses." One day last summer Mrs. Jones took her market basket down from the peg in the pantry and went down town to buy some supplies. She went to the grocer, and the first thing she bought was a package of rolled oats for which she paid 20 cents. As she put the package in her basket she noticed that it contained one pound and four ounces, net weight. Now it happened that two days before Mrs. Jones had been talking to a farmer who told her that he had just sold his oats for 32 cents per bushel, or 1 cent per pound. Mrs. Jones did a quick calculation in mental arithmetic,

and allowing for the fact that the oats from which the rolled oats were made were probably of select quality and that there was some waste in manufacture, she could not see how the oats in the package could possibly cost more than 3 or 4 cents.

Mrs. Jones was not an exceptionally curious woman, but she could not help wondering where the other 16 cents went. Had she inquired of the Joint Commission of Agricultural Inquiry she would have learned that of the 20 cents she paid for the rolled oats the retailer got 4.2 cents, of which 3.2 cents represented his expenses and 1 cent, his profit; the wholesaler who sold the rolled oats to the retailer received 1.8 cents, of which 1.5 cents represented expenses and .3 cent was profit; the manufacturer of the rolled oats got 9.6 cents, of which 2 cents was profit; 1.2 cents, taxes; 1.6 cents, transportation; 1.7 cents, advertising; 1.3 cents, selling cost; and 1.8 cents, cost of manufacture. The elevator which handled the oats

which she paid \$1.50. If Mrs. Jones had still been curious she would have found that her \$1.50 was distributed approximately as follows: 29 cents to the retailer, of which 4 cents was profit and 25 cents went to pay clerk hire, rent, taxes, insurance, deterioration, waste, etc.; 12 cents to the wholesaler, of which 3 cents was profit and 9 cents cost of doing business; \$1.09 to the manufacturer, who paid 48 cents for the raw material, 20 cents for the cost of manufacture, 11 cents for the selling expense, 5 cents for the advertising, 10 cents for the transportation, 6 cents for taxes; leaving 9 cents profit.

Mrs. Jones would probably have been surprised to learn that it cost more to transport, sell and place in her hands the \$1.50 worth of groceries which she had bought than it cost to produce and manufacture them.

Having finished her purchases in the grocer's, Mrs. Jones went across the street to the butcher where she bought \$1.00 worth of meat. If Mrs. Jones had been inquisitive as to the disposition of her dollar and had been inclined to find out what became of it, she would have found her task in this case somewhat more difficult because of the necessity of accounting for the returns on the by-products incident to the meat as well as for the dollar which she paid the butcher, but if she had been persistent she might perhaps have found out that in addition to the dollar she paid the butcher somebody paid 10.8 cents for the by-products, making \$1.108 altogether. She might have found that this \$1.108 was divided this way: 21.2 cents to the butcher, of which 2.7 cents was profit, and 18.5 cents cost of doing business; 16.6 cents was retained by the packer, of which 5.3 cents was paid for transportation, 4.2 cents selling expenses, 5.6 cents cost of slaughter, and 1.5 cents profit. Investigating further she would have found that of the remaining 73 cents, 67.7 cents was paid to the producer, 3.6 cents to the railroad for transporting the animal, .8 cent to the stock yards, and .9 cent to the commission man.

Mrs. Jones might have been somewhat misled by these figures, because 1921 was a bad year for the producer as the price of cattle went down while the cost of manufacture and selling beef remained relatively high so that the proportion of Mrs. Jones' dollar which the producer received was less than it would normally have been. If 1921 had been more nearly normal, Mrs. Jones would have found that the by-products instead of being worth 10.8 cents would have been worth 18.3 cents, and the distribution of this sum plus the dollar which she paid for her beef would have been about like this: 13.5 cents to the retailer, of which 10 cents was cost of operation, and 3.5 cents, profit; 10.8 cents to the packer, of which 1.1 cents was profit, 3.3 cents cost of packing, 2.9 cents transportation, and 3.5 cents selling expense. Of the remaining 94 cents the producer got 90 cents; transportation, 2.7 cents; stock yards, .7 cent,

**H**ERE is the program, as we now have it mapped out, for the series of studies on Distribution, of which the accompanying article by Representative Sydney Anderson is the first:

**FEBRUARY:** *Lo, the Poor Middleman*, by L. D. H. Weld, of Swift & Company, Chicago. This article will deal with the many phases of wholesaling.

**MARCH:** *What the Better Half Thinks*. Mrs. Alice Ames Winter, of Minneapolis, President of the General Federation of Women's Clubs, who was a member of the Advisory Council of President Harding's Conference for the Limitation of Arms, will discuss the problem from the standpoint of the consumer.

**APRIL:** *The Parcel Room of Business*. P. L. Gerhardt, Vice-president Bush Terminal Company, will deal with warehousing and its place in distribution costs and economies.

**MAY:** *Two Little Pigs Go To Market*. Carl R. Gray, President of the Union Pacific System, will tell of the four ages of transportation and the part that the railroads have played in getting the little pigs to market. He will also discuss cold storage transportation, and other features of land and water transportation.

**JUNE:** *Alice in Modernland*. William A. Durgin, of Chicago, who came to Washington to organize Secretary Hoover's Division of Simplified Practices, will cover standardization, complexity of varieties, over-advertising and over-selling.

**JULY:** *The High Cost of Convenience*. A. Lincoln Filene, of Boston, will set forth the retailer's economic place in distribution.

got .4 cent, the railroad company, .5 cent, and the farmer that produced them got 3.5 cents.

Mrs. Jones then bought a 10-cent loaf of bread, and if she had been curious as to what became of the 10 cents, she could have learned that of the 10 cents 1.9 cents went to the retailer, of which .3 cents was profit, and 1.6 cents, expense; 4.3 cents went to the manufacturing baker, of which .6 cent was profit; .8 cent, overhead; 1.6 cents, selling expense; and 1.3 cents, cost of manufacture; .6 cent paid the cost of transportation; .1 cent, the cost of milling the flour; .3 cent, the handling through the elevator; and the farmer got 2.8 cents.

When Mrs. Jones had finished her purchases, she had bought a package of rolled oats, a loaf of bread, a package of corn flakes, some wheat cereal, macaroni, laundry soap, salt and a can of condensed milk, for



and the commission man, .6 cent. The amount received from the sale of by-products more than paid the expenses of the packer, transportation, stockyards and commission man. Having finished with the butcher, Mrs. Jones took the market basket and went home.

That night when Mr. Jones came home to supper she noticed that his coat was getting somewhat shiny around the elbows and his trousers rather baggy at the knees. She suggested that it was time for him to buy another suit, so the next morning on his way to work Mr. Jones stopped in at the clothing store. After looking over a large variety of suits, trying many of them on, he finally selected one for which he paid \$50.00. Mr. Jones noticed that clothes were somewhat cheaper than they had been the year previous, but having heard the night before Mrs. Jones' story of what became of the \$2.50 she paid for groceries and meat, he was somewhat curious to know what was to become of the \$50.00 he paid for his suit. Mr. Jones being a business man, as he thought about the matter, promptly recognized the difficulties of allocating the various items of expense involved in the manufacture and sale of clothing in a single suit, but after investigating for some time made a rough calculation, the result of which showed that of his \$50.00, \$15.95 went to the retailer, of which \$15.30 represented the cost of doing business and 65 cents profit; that the remaining \$34.05, which was paid by the retailer to the manufacturer was divided this way, \$9.10 for the goods, \$5.00 for trimmings, \$11.65 for cost of manufacture, \$7.55 for selling and overhead, and 75 cents for profit. As I have said, Mr. Jones was a business man and he very promptly recognized the fact that the 65 cents was a rather low profit for the retailer on a suit of clothes selling for \$50.00, and remembering that suits had fallen somewhat in price he knew that the retailer's normal profit must have been offset by considerable inventory losses. Upon further investigation he came to the conclusion that normally the \$15.95, that went to the retailer, would have been divided \$13.45 for operating expenses and \$2.50 for profit.

Mr. Jones was a good deal like the woman who bought an expensive library lamp which made the library look so shabby and incongruous that she had to buy a new set of library furniture and a new rug to fit the lamp. When Mr. Jones came to put on the suit he noticed that it made his old shoes look shabbier than ever, so he finally selected a pair which cost him \$10.00.

Mr. Jones and Mr. Smith, the shoe man, belonged to the same lodge and were quite friendly, so after Jones had paid for the shoes he said to Mr. Smith, "Now, Smith, tell me honestly how much you made on this pair of shoes."

So Smith said, "I don't mind telling you; I only made 40 cents."

Jones replied, "You don't mean to say you do business on the basis of a margin of 4 cents on the dollar?"

"Oh, no!" Smith replied. "That was my net profit. I paid \$6.81 for the shoes, so that my gross margin was \$3.19, of which \$2.79 represents what it cost me to keep these shoes in stock, furnish the salesman to try them on and to sell them to you, pay interest on the money I borrow, the rent on my store, etc."

Sometime later, Mr. Jones happened to be attending a lodge meeting in a distant city where he had gone on a business trip. There he met the manufacturer of the shoes he bought from Smith. Remembering his conversation with Smith, he asked the manufacturer, Mr. Brown, what became of the \$6.81 he received from Smith for the shoes. Brown said he couldn't remember, but if Jones was curious he would look it up and write him on his return home.

Some days later Jones received a letter from Brown in which Brown said that the \$6.81 was divided in this way: \$1.82 cost of raw material, \$1.00 for trimming, \$2.10 cost of manufacture, \$1.51 overhead and selling expense, and 38 cents profit.

#### What Was the Farmer's Share?

IF Mr. Jones had been good at guessing, he might have guessed how much of the \$1.82 which the manufacturer paid for the raw material the farmer got for the piece of cowhide and calf skin that went into them.

If Mr. and Mrs. Jones had compared notes, they might have discovered that all the figures they had obtained referred to the distribution of the dollar which they paid to the retailer, and they might have wondered what the distribution would have been if the price had been either higher or lower.

The solution, therefore, of the problem of the high cost of living, with which Mr. and Mrs. Jones are struggling, presents two aspects. First, that of reducing the general level of prices, and second, that of reducing the wedge between what the producer receives and what the consumer pays.

The first is perhaps less important than the second, because, if wages, insurance, interest, materials, all rise together and in the same proportion, the relative status and buying power of each of those concerned in producing the materials or rendering the service remain substantially the same. But if the cost or price of one service or one class of materials rises or falls more than the other, the relative rewards received by those producing the materials or rendering the services are changed.

This is usually what happens, and therefore, the problem is to redistribute the dollar and reduce each constituent element to its proper proportions. To do this we must establish the facts of distribution and better organize the knowledge of its agencies and processes and their relation to and influence

upon each other. The application of this knowledge to the problems of distribution must follow as necessarily as the application of the science and knowledge of engineering or of medicine follows upon discovery and dissemination. If the knowledge and science of distribution was as comprehensive and as well organized as the knowledge and science of medicine, the distributor would be as good a merchant as the doctor is a physician and surgeon.

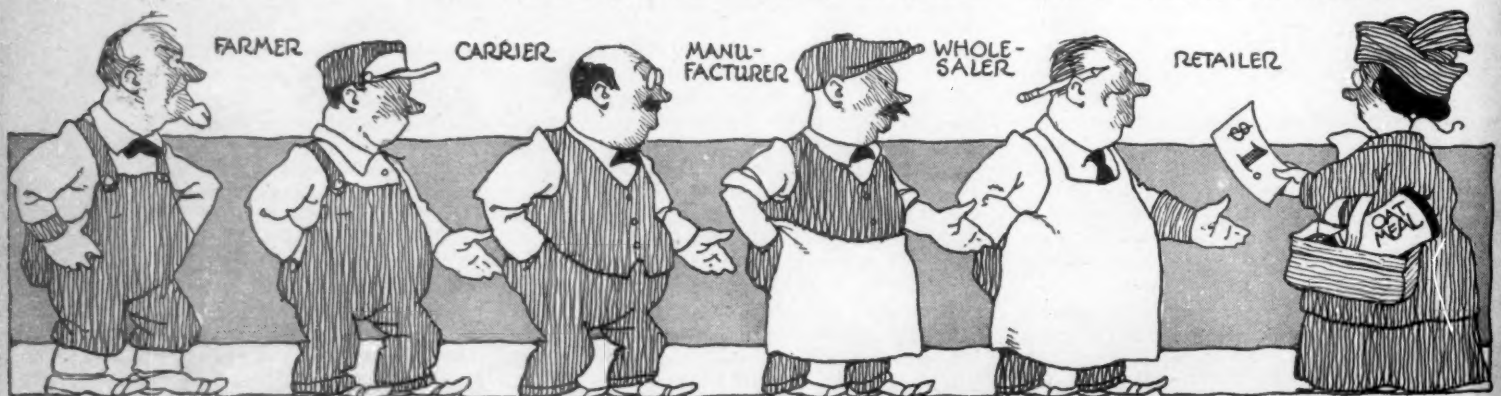
In the train of more definite facts and more thoroughly organized knowledge of distribution, there will follow better organization of agricultural production and marketing, reducing the variety and grades of commodities produced, making possible their combination in large volume and their sale in more direct relation to market requirements. There must also be more intensive study of consuming markets and market demands in relation to production so that the flow of manufactured products to the consumer will be more even and more nearly in accord with the consumer's demand. The flow of goods and hence the velocity of capital required to move them must be speeded up in transit and distribution. The genius which evolved mass production must now be turned to the development of more efficient and serviceable distributive machinery. When these things are done, Mrs. Jones may still be struggling with the age old problem of adjusting the market basket to the pocket book, but she will have the satisfaction of knowing that the spread between the dollar she pays and the dollar that the producer gets has been lessened.

I spent a year in the investigation of the distributive processes and all their relations to production, assembly, converting and distributing goods and commodities.

The investigation covered not only the processes of distribution, but the related activities of production, manufacture, transportation and credit.

I would have made almost any sacrifice or have given almost anything which it was in my power to give if as a result of this investigation it had been possible to develop a formula, a new rule of thumb plan of distribution which could have been applied to the situation much as a mustard plaster is applied to the back of the patient to eliminate pain, but I am convinced that there is no such formula and that if there were, there are so many more people in the world who prefer pills to mustard plasters that it would be possible to secure only a partial result. After all, no two cases are alike and the doctor must have co-operation from the patient.

There is today greater realization of the fact that there is a problem of distribution than ever before. With the accumulation and dissemination of knowledge there will certainly come more intelligent effort, better direction and lower costs of distribution.





# Along the Side Roads of Industry

With RICHARD SPILLANE

## The Times, Not Women, Change

Someone bemoans the fact that the woman of today will not carry a package, but has it delivered. The cost of delivery is put at a staggering sum. One way for a return to what Mr. Harding terms normalcy, the critics say, is for woman to revert to the good, old-time methods of her mother's days. There's too much ordering by telephone, they assert, from the butcher, the baker and the grocer; too much of the use of the charge account in the department store, which postpones payment but conduces to over-buying; too much of "Oh, yes; send it out to my home!"

There may be an abuse or an overuse of the telephone in buying from the butcher, the baker and the grocer, but the day of the woman carrying packages as she did of old is past. No one would object more strenuously if it should return than those who criticize her now.

What a howl there would be if women piled into trolley cars, subway cars or other public vehicles laden with bundles! Cities have grown so big that comparatively a small proportion of the patrons of the great emporiums can reach them except by public conveyance.

We are beyond the horse-car age. We are beyond the stage where women sauntered a few blocks to the drygoods store. The great retail distributing establishments are grouped near the centers of the cities today and will be where the centers of the cities happen to be. Cities are too big today and street cars, whether surface, subway or elevated, too crowded for package carriers. Shopping used to be an incident of the day. Today it is almost a day's work.

Women do not carry packages today, not because they have changed, but because conditions and the times have changed.

The day of cash and carry has gone, never to return.

\* \* \*

## Some Real Romances of Real Estate

At Forty-second and Fifth Avenue, New York, the Fain Knitting Mills, Inc., has store space of 30 feet frontage on Fifth Avenue and 35 feet on Forty-Second Street, for which it pays \$70,000 a year rent or somewhat more than \$66 per square foot. That is said to be the highest rental, floor space considered, in New York, and, possibly, in the world. Considering the fact that the early Dutch settlers paid \$24, or rather the equivalent of that sum, for all of Manhattan Island, it would indicate that realty values have increased somewhat.

Real estate is relatively stable and not, as Carnegie once described the steel industry, alternately a prince or a pauper, yet its changes are wide and peculiar. Today, in the Wall Street district, office space is scarce, despite the great number of mammoth structures that have been erected in the last few years. Those who are searching for quarters find it difficult to get what they need, and what the women term "house hunting" is urgent and seems to know no end.

Five dollars per square foot per year is about the average price paid. Desirable sites command considerably more. And yet within

the last eight years office space in Wall Street went begging. There is one towering structure in lower Broadway where excellent offices might be rented in 1914 for 50 cents per foot per year. Not only that, but, in cases where leases were about to expire the tenants were asked to remain rent free for six months or twelve as they desired. The owners considered it better to have no revenue for that period than to have the building almost empty. Today storage space on the top floor of that structure commands a higher price than the finest offices on the ground floor did in 1914.

Talk about the romances of gold mining! Some of the romances of real estate surpass anything in the realm of the yellow metal.

And New York is not alone in this. A man of Detroit had a piece of property bequeathed to him by his father. It was a moderate sized structure on one city lot. Land and building cost approximately \$40,000. It happens that today that site is close to the heart of the city. The property rents for \$42,500 a year. "I could get more," the owner says, "but there's a limit to everything, and I feel I'm getting the limit now."

Is there a limit? Choice apartments in New York in the fine sections rent from \$750 to \$1,250 per room per annum. Tenement house rents are what apartment house space used to be, and apartment house space brings what the most select Riverside Drive or Fifth Avenue quarters formerly commanded. And there seems to be no end to the demand.

Where people get the money for all this is a mystery.

But it is the same story in nearly every city, or so the visitor from Chicago, Kansas City, Boston, New Orleans, Los Angeles and elsewhere reports.

The flight from an extreme low of 50 cents a square foot for office space in Wall Street in 1914 to more than \$66 a square foot for store space in Fifth Avenue in 1922 marks too great a change, it would seem, to be soundly based or to be maintained.

\* \* \*

## A True Evangel of Trade

There are approximately 6,500 foreign students in American colleges and universities. Nearly every geographical division of the earth is represented by these young men and women. This is illustrated by the fact that at one of the recent foreign students' dinners, given annually by the Philadelphia Chamber of Commerce to the young men and young women attending the institutions of learning in the Philadelphia district, fifty-eight nations had sons and daughters in that wonderful gathering. Many of these young men and women wore the costumes of their native lands. These banquets are among the most colorful and picturesque of any in this republic. As an evidence of their democracy only one illustration is necessary. Every chamber member attending the dinner is expected to have one foreign student as his guest and, whether the host be bank president, head of a great industrial plant or retail merchant, he sits at table with the student and devotes the evening to the visitor from afar.

Recently there have been signs of a remarkable broadening the world over in inter-

est in American educational opportunities. The new phase is more distinctly in business lines. For example, the J. B. Stetson Company reports that from their customers abroad they are getting quite a large number of requests for the placing of young men in business training. They have young men sent to them from Mexico, from Argentina and other lands.

Before the war they got requests of this sort from their customers in Germany, but rarely from other countries. They believe the war made a tremendous impression upon the world regarding America's greatness in a business sense no less than in a military form, and now there is an earnest desire to round out the education of their promising young men in this country rather than in Great Britain or in Germany as formerly was the custom.

Even the British are sending young men here for training. One example is furnished by Sir George Paish, formerly editor of the *Statist*, and, for a time, financial adviser of the British Government. His son Donald is at Albany, N. Y., in the office of L. F. Loree, president of the Delaware and Hudson R. R. Young Paish is to put in four years of practical work and study in the United States and then return to England. He is a graduate of Cambridge University.

The United States Steel Corporation, the Bethlehem Steel Corporation, the American Woolen Co., various of the large automotive concerns, locomotive plants, smelting companies and such have requests from all over the world for the admission of student workers.

\* \* \*

## One Woman Broke a Strike

"Talking about strikes," says George L. Peck, vice-president in charge of personnel of the Pennsylvania Railroad, "one of the worst I ever knew was broken by a woman. I'll never forget her. I was only 23 and had just been appointed trainmaster of what now is the Toledo division of the Pennsylvania. Violent? That hardly is a strong enough term to describe that strike. It was a holy horror. The strike leader was a whale of a man named Jim Kernick. The strikers did everything—ditching cars, burning property, beating up train crews and terrorizing people, but somehow we managed to operate the road to the extent of getting one train a day over the division each way."

"But that seemed to be as much headway as we could make. Kernick was clever, very clever it seemed to me, and had the strikers wonderfully organized. The strike dragged on to what appeared to be interminable degree and still was a deadlock when one day a mite of a woman came into my office leading a giant of a man. 'Mr. Peck,' she said, 'I've brought Jim in to go to work.' The giant was Kernick and the little woman was his wife. Kernick tried to balk, but she said, 'Now, Jim; you promised, didn't you? And you'll keep your promise to me, won't you?' He mumbled, 'Yes,' but he wanted to bolt. Several times he moved as if to get out of the office, but each time the little woman said, 'Now, Jim, you mustn't break your promise,' and each time he halted. It was a remarkable exhibition of a wife's influence, and particu-



larly so because of the size of that little woman compared with her huge mate.

"I put Jim back at work at once. His desertion of the strikers caused a sensation. He was attacked by crowds of the men he had formerly lead and was pretty badly beaten, but at the same time he gave a terrific mauling to those who battled with him. Each day after these battles the little woman would bring Jim back to me, bruised as he was, and say, 'Mr. Peck, you see Jim is keeping his word.' And Jim would go back to his work.

"That little woman broke that strike."

"What was the cause of the strike?" Mr. Peck was asked.

"I haven't the slightest idea in the world," was the answer.

Early in 1923 Mr. Peck will celebrate the fiftieth anniversary of his entrance into the service of the Pennsylvania. From messenger boy to vice-president is his record. He has never worked for any concern but the Pennsylvania. Another thing unique is that for his first job he got no pay and was delighted to get it because of the opportunity it offered. That job was in headquarters of the Toledo division. There he picked up telegraphy, and from train dispatcher he has gone up the ladder to near the top of the greatest railroad of the world.

Think of a youngster of today glad to get a job without pay for the opportunity the job would furnish for him to learn.

As the English say, "It's not done, you know."

\* \* \*

### New York, the Biggest Tank Town

In New York it has not been unusual for persons, particularly of the theatrical profession, to speak contemptuously of various places as tank towns. This presumably is because of the distinguished position the railroad water tank occupies in the town's skyline.

Let us have no more of this. New York is the greatest tank town of the world. From out of the windows of the room in which this is written 500 tanks are in view. Hardly a building of goodly size in Manhattan is without a tank. And some have two, or three, or more. The taller the structure, the bigger the tank or tanks. It must be so. Otherwise New Yorkers would parch. Great as is the flow of water from the streams in the Catskills it is not sufficient to meet all needs. In the night, when the city sleeps, or most of the people sleep, the flow from the hills is sufficient to fill the tanks atop most of the structures of moderate size, but the instances in which pumping is necessary to put in tank supplies are many.

No one, so far as is known, has taken a tank census of New York, but a modest estimate of the total would be 200,000, as there are of structures officially classified as tenements more than 100,000 and many of these have tanks as their crowns.

Yes; New York is a tank town if there ever was one.

\* \* \*

### Cold Storage Keeps Our Cities Alive

There was a time when urban dwellers walked to business or to their work. We had a few horse-car lines or stages, but their traffic was inconsequential in comparison with the population total. Now everybody rides. Traffic men say the increase in urban traffic is in greater proportion than the increase in population. In other words, with an increase of 100 per cent in population, the traffic in-

creases more than 100 per cent—in fact, about 150 per cent. And this despite the introduction of the automobile.

Where is all this leading?

According to the estimates of the local authorities, the population of metropolitan New York is 6,900,000. It is hard to visualize the magnitude of such a grouping of human beings within comparatively so narrow a space. An illustration may be suggestive. We all have viewed parades. Few persons have seen more than 100,000 marchers pass a given point in one day. It would take the New Yorkers, in groupings of 100,000 more than two months to march by a reviewing stand.

Cities of the gigantic size of New York and London would be impossible but for cold storage. Only because of cold storage is it possible to carry sufficient supplies of foodstuffs in stocks today to support a city. In the time of the blizzard of 1888 New York knew a shortage of food and real distress; and then the city was cut off from the outside world a comparatively short time. But cold storage hardly was known then.

Police Commissioner Enright says the traffic problem in New York today is beyond the limits of his men to handle. What will it be a few years hence unless some genius devises a method of solving the riddle? Sometimes, when you see the streams of cars in Broadway or Fifth Avenue as you wait for opportunity to cross the roadway, you think all the cars in the world or nearly all of them must be in New York. But some good and ordinarily truthful people say

congestion is worse in one quarter of Newark than in any section of the metropolis, and anyone who crosses or attempts to cross Peachtree Street in Atlanta without a prayer and an insurance policy assumes an unwarranted and extraordinary risk.

By surface trolleys, by subway trains and elevated railroads, millions journey day and night in New York. Every vehicle of these transportation companies seems crowded sometimes to the extreme limit, regardless of the hour of your traveling. Bus lines supplement these transport systems, and the ubiquitous taxi has a heavy patronage. How can the city expand still further?

In one large city an experiment is planned. A subway is to be built under the main thoroughfare. A subway street is to parallel the tracks, the sidewalks to be directly under the surface sidewalks. Great advantages are claimed for this novelty. One of them is that it affords two levels for shops or stores instead of one, as now, and that property values will be enhanced greatly thereby. Another is that it will lessen the strain of surface traffic afoot and reduce the danger of street crossing. To the criticism that the roar of passing trains will be a deterrent the answer is made that much of the present noise can be done away with by employing methods introduced on the elevated railroads of Berlin.

But it will be years before we have subway streets or, as also is proposed, double-deck streets with the upper deck on a level with the present second story of structures and with bridges across thoroughfares.

## Protecting Against Price Declines

**GUARANTEE AGAINST DECLINE** in prices, as a trade practice and as a method of competition, has during the month been receiving more attention from the Federal Trade Commission.

Conditions immediately following the armistice were so uncertain that wholesalers and other buyers withheld the orders they would otherwise have given to manufacturers, being fearful of a decline in prices between the date of orders and the time when the goods were made and delivered. Without such orders, production in many industries threatened to come to a stop. To meet this situation some manufacturers turned their thoughts to the desirability of undertaking to bill goods at prices prevailing, not at the date of the order, but at the time of actual delivery, two, three and even nine months away.

When things were in this state the Federal Trade Commission emphasized its doubts about guarantees against decline in prices, another form of the same arrangement. It raised the question, however, in connection with guarantees of this kind which had been given before the post-armistice period of uncertainty set in. Its proceeding was against one of the large manufacturers of condensed milk, on account of this concern's unlimited guarantee to jobbers and wholesalers, unlimited as to quantity and unlimited in extent of time.

The other manufacturers got into the case before the Trade Commission and raised a question whether or not they could give limited guarantees, i.e., upon stocks not exceeding 1,000 cases and for a time not extending beyond fifty days.

In order to obtain the state of opinion in industry and commerce on the question of these guarantees the commission issued widely a questionnaire and incorporated the

responses in a sizeable pamphlet. In these expressions of opinion there was much diversity.

The question about the use of the guarantee by manufacturers of condensed milk consequently started a series of events. Although four years have passed, the commission has not yet decided the milk case. There are indications, however, that a decision may be forthcoming in the near future—a decision, presumably, not only as to the "unlimited" guarantee but also regarding the limited form.

Meanwhile, the commission continues to raise questions in cases in which use of the guarantee does not stand forth by itself. Several weeks ago it began a case in which it alleged unfair competition on the part of a wholesalers' association which, it said, was attempting through collective action to coerce manufacturers to give guarantees against decline in prices. On November 20 the commission announced it had instituted a proceeding in another type of case, a case in which it alleges that a manufacturer of table syrup with large resources may obtain an unfair advantage over smaller concerns through use of the guarantee—in this instance, a guarantee for six months.

The outcome of the case, however, apparently will not be determined wholly upon the merits of the guarantee itself. The commission alleges that in this instance the manufacturing company was so dominant that "it made the price" and that being a source of supply of a necessary material for its competitors it did not give them a guarantee against decline in the price for this material. "The circumstances taken together" may, therefore, be determining in this instance and, whatever the result, the propriety of the simon-pure guarantee in decline in prices be left outstanding.



# How Let In the Men We Need?

By W. W. HUSBAND

U. S. Commissioner General of Immigration

SINCE the World War broke, immigration from Europe to the United States has been restricted and at times has been at a minimum. There was a year of relaxation when somewhat more than 800,000 aliens were admitted. That brought the question up squarely and led to the present percentum limit law, definitely fixing the number who may come at somewhat less than one-third the normal prewar movement.

The effect of the quota law on immigration from the South and East of Europe, from where for the past 25 years had come the great bulk of our common labor and of immigration generally to the United States, is even more pronounced. In former days the average annual immigration from that part of Europe was 750,000 annually, sometimes reaching nearly a million. The quota law fixed a limit to such immigration at about 155,000, or say, one-fifth of the prewar average.

The United States Immigration Commission, which ended a three years' investigation in 1910, came to the definite conclusion that no longer could the door be wide open to unskilled laborers from Southern and Eastern Europe. At that time there was a large supply of such labor in the American market and this condition continued until the outbreak of the war. During the war and since large numbers of these laborers returned permanently to Europe and many

others passed from the ranks of the unskilled into the skilled and semi-skilled classes. Few came to replace them and it is not unnatural that at the present time there should exist an actual shortage of ordinary labor in the United States. At any rate I am constantly getting this report and the complaint is louder as the industrial revival continues.

Whether the situation is as pictured I do not know, but it is plain that the feeling prevails through a considerable part of the industrial world.

The United States has always depended upon foreign countries and particularly upon Europe for its labor supply. The question of whether industry can be profitably carried on with that supply cut off or severely limited, is, of course, a matter of primary importance and if the present quota law is too inflexible to permit of a sufficient inflow to carry on the industrial work of the country the situation deserves careful consideration with a view to modifying the law to meet the honest needs of industry.

For twenty-five years or more prior to the outbreak of the war immigration had been regarded as an economic rather than a social problem. We had thought of the effect of immigration on American industry and American wages rather than on our social life and citizenship. With the outbreak of war the economic phases were submerged and the racial quality and the characteristics of those who had come began to assume importance. This has continued to be uppermost in the popular mind and it is clearly reflected in debates in Congress and elsewhere.

It is heard, and obviously not without reason, that while that great prewar influx of immigration did contribute greatly to the labor supply of the country, it also brought with it thousands who were not assets. If I judge the present trend of thought correctly, the desire is not necessarily to limit numbers as such but to regulate the whole movement with a view, first, to preserve the old-time characteristics of American citizenship and population, and, second, to adjust the movement to the actual economic needs of the country.

For more than twenty-five years the development of legislation has seemingly been based on the theory that a large proportion of aliens coming to the United States were, for one reason or another, undesirable. Such changes as have from time to time been made in the immigration law have been in the direction of a more careful sorting of such peoples. Until the quota law was enacted Congress had refrained from placing a limit upon numbers but had sought to impose additional restrictions to make entry more difficult for those who as groups were believed to be undesirable.

We have made the walls so high and the way into this country so difficult that the older types of immigration have hesitated to fight their way in. Yet the newer types have used every means to get over the barriers.



New comers and with them as always is the old question: Are they here as unskilled labor only or shall

we deal with them as the raw material of good citizenship? Can we afford to think of them only as workers?



The obvious problem is to find some method under which the coming of those who have been tried and not found wanting may not be hampered; while at the same time some means are sought to check the flow of those who in the apparent judgment of Congress do not meet the test of desirability.

For nearly a century after the adoption of the Constitution the doors of the United States were open to foreigners of all classes and conditions. As a matter of fact the first federal law upon the subject had as its purpose the promotion of immigration. This law, enacted in 1864, sought to increase the then greatly diminished flow of Europeans to the country by providing that valid contracts could be made in foreign countries whereby emigrants could pledge the wages of their labor in the United States to repay the cost of bringing them here.

### Exclusion Only 40 Years Old

IT was not, in fact, until 1882 that Congress passed the first general immigration law which provided for the exclusion of foreign convicts, lunatics, idiots, and persons likely to become public charges, and levied a head tax of 50 cents on each alien admitted. In the same year the first Chinese exclusion law was enacted. Three years later the first law forbidding the importation of labor under contract was enacted, and it was amended in 1887 and again in 1888. Successive revision of the general law resulted in additions to the list of excluded aliens but not one provided for the actual restriction of immigration, except in the case of Orientals.

But always there was growing a sentiment in favor of putting some restriction on European immigration and Congress witnessed several hard-fought battles to that end. The literacy test for immigrants was the favorite weapon of the restrictionists and for twenty-five years there was an almost constant agitation for its adoption. The popularity of the literacy test was not primarily based on the conviction that an illiterate alien was necessarily undesirable but rather on a belief that its application would check, to some extent, the increasing flow of immigration from Southern and Eastern Europe.

Virtually 90 per cent of our immigration always has come from Europe, but before the '80's nearly all of the millions who had come were from northwest Europe, including the British Isles, Germany, Scandinavia, Belgium, the Netherlands, Switzerland and France. Then began a movement from Italy, Austria-Hungary and other countries of South and East Europe, and in the course of a few years the peoples of these countries constituted 85 per cent of all who came. At high-water mark we took in a million of them a year. Somewhat more than one-third of the "new" immigrants, as they came to be called, were unable to read, although illiteracy was at a minimum among those coming from the older sources.

The literacy test provisions of the Act of 1917 went into effect in May of that year, soon after the United States entered the war, and its effectiveness as a restrictive agency has never been fairly tested.

As I have said, it took nearly twenty-five years of hard fighting on the part of the restrictionist to get even a simple reading test written into the immigration law, but when it became evident that the post-war movement was actually beginning the House of Representatives promptly passed Representative Albert Johnson's bill virtually suspending all immigration for a period of four-

teen months. Only forty members voted against it.

The Senate took a more conservative view and as a substitute adopted Senator Dillingham's per centum limit plan. This was first proposed to Congress in 1913 and at that time provided that the number of aliens of any nationality who might be admitted in any year should be limited to 10 per cent of the number of persons of such nationality who were resident in the United States at the time of the census of 1910. In 1913 this was looked upon as radically restrictive but in 1921 the Senate unhesitatingly fixed the limit at 3 per cent instead of 10. The House then accepted it, but President Wilson pocket vetoed the measure. It was enacted almost unanimously early in the next session, and with President Harding's approval became a law May 19, 1921.

For a number of years before the World War the average annual immigration from Southern and Eastern Europe was approximately 750,000. Under the quota law the limit for the same countries is about 155,000 annually.

On the other hand, the normal pre-war immigration from northwestern Europe was about 162,600 annually, while under the quota limit law it would be possible for about 200,000 to come in any fiscal year.

### "Old" Immigration Not Checked

DURING the fiscal year ended June 30, 1922, about 95 per cent of the quota of Southern and Eastern Europe and Turkey was exhausted by admission, but northwestern Europe sent only 47 per cent of the permissible number. Therefore, the law had little or no visible effect on the old immigration, but the number of "new" immigrants prevented from coming can only be conjectured, although 500,000 is probably a conservative estimate.

Much has been said concerning the large outward movement of aliens during the last fiscal year, and it is true that 198,712 emigrant aliens did leave the country compared with 309,556 immigrant aliens admitted, the excess of immigration being only 110,844. But the outgoing movement was abnormal only by comparison, for it frequently exceeded 300,000 annually before the war.

It will be of interest to note that during July, August, and September of this year 133,857 immigrant aliens were admitted, compared with 109,683 admitted during the corresponding months in 1921, the increase being for the most part among northwest Europeans and Canadians. In the same three months 32,713 emigrant aliens departed, compared with 79,396 in July, August, and September, 1921.

In the last fiscal year 139,000 aliens who in their own country had been laborers, skilled and unskilled, and servants, entered the United States, and 126,000 who had followed like occupations in the United States left the country, so that virtually nothing was added to the industrial manpower of the country during the year.

In the first three months of the present fiscal year, however, 69,000 skilled and unskilled laborers and servants were admitted and only 17,600 of the same classes departed, indicating that the tide has turned.

For a considerable period the United States has been experimenting on a large scale with so-called Americanization movements. The war increased them but a sober survey of the results would seem to indicate that so far as the new type of immigrant is concerned progress has been slow and results in the main unsatisfactory. It has had the effect of Americanizing a great many

Americans who prior to the World War had been looking at the immigrant from the economic rather than the social or political viewpoint.

My observation has been that the employers of labor, great or small, have as a rule assumed an entirely different attitude to the immigrant since the war and that they, in common with the communities in which they live, are now honestly interested not only in a labor supply but in bringing in those and those alone who will make not only good laborers but responsible American citizens.

With this feeling widely held, the solution of the present situation obviously is not to open wide the doors for all in order that those who are actually needed may come in but to open them only so wide as to let in the men who shall fill the industrial needs and at the same time have the qualities which will make them desirable residents of American communities.

It is assumed that the present quota law has reduced to a safe minimum the incoming of those peoples who for one reason or another are not sufficiently valuable to the United States. A reduction of the percentage would further limit this class, but if this is done some means should be taken to prevent these additional restrictions applying to the ones whom everyone would welcome.

Theoretically the present quota law avoids discriminating. It places the peoples of all countries involved on a basis of equality but to meet the present demand some semblance of discrimination may be necessary.

### A Possible Way Out

YET I am inclined to the opinion that it would be entirely possible to continue the basic number of immigrants at a minimum and then provide for modifications to meet the actual needs of the country.

We might develop administrative machinery which would serve to invite those actually needed. We should determine not only the extent of the need but also should determine who are the most desirable people to fill that need and then permit them to come to the country. This is not intended to suggest wiping out the theory of the contract labor law, which has had and still has beneficial results; but it must be remembered that even under the present contract labor law skilled labor may be admitted under contract, provided labor of like kind unemployed cannot be found in the United States. In the Act of 1917 it is provided that the necessity for such importation may be determined prior to the coming of the people.

It is the extension of this plan to unskilled labor or any other class of people who are actually needed in the country that I have in mind, acting always, of course, on the theory that adequate, careful, and unprejudiced machinery is created for the purpose of carrying out the plan.

One of the changes I have in mind is the creation of some system under which the available supplies of labor of various kinds in foreign countries would be constantly communicated to our Government so that when there is in the United States an honest demand for labor of a certain kind, we may know where to turn for the best possible people available to fill the need. This plan, of course, would not be confined to industrial labor but ought to include all needs of the states for settlers; for farm labor or for whatever activity in the country is undermanned or could be profitably or wisely extended or developed by the addition of proper man-power.



# The Newcomer As a Citizen

By JOHN W. O'LEARY

Vice-President, Chicago Trust Company

THE PRESENT demand for labor has revived discussion of the economic as well as the social effects of the emergency 3 per cent immigration law, operation of which has been extended to June 30, 1924. Immigration Bureau reports for the year ended June 30, 1922, showed certain tendencies that have been made the basis for heated controversy. For example, it is asserted that under the 3 per cent limitation:

"Our supply of unskilled labor is cut down below our economic needs, as the limitation prevents the entry of thousands of laborers from Southern and Eastern European countries whose quotas for the year are filled within a few months. For example, the quotas of Greece and Turkey for the year ending June 30, 1923, were filled in November, 1922.

"The proportion of Hebrews, who incline to enter trade rather than industry or agriculture, is greatly increased; and the proportion of women is greatly increased."

The first contention is borne out by the 1922 figures and by stories we heard last year of the great demand for passports from Danzig and other eastern ports. It is further borne out this year by statements from Premier Mussolini, of Italy, and former Premier Venizelos, of Greece, that their countries would welcome opportunity to send us thousands of their people in excess of the quota. The second and third claims stand on the basis of statistics by our own Immigration Bureau.

But statistics, if they are to serve as a basis for sound policy, not only must be analyzed, they must also be so inclusive that the user has assurance of their fairness. The first question then is, can the figures for the year ended June 30, 1922, be taken as fairly indicative of the future workings of the law? It is common knowledge that the first application of a new measure usually produces some results which will not be continuing. Those affected by it act, not upon knowledge or experience, but upon expectation. So for this reason alone it is necessary to supplement first results by later results. Later results in this case are meagre, covering as they do only three or four months, but they are significant as shown in Table 1.

In analyzing the statistics one has to take account of many factors which do not appear on the surface. Were there reasons, economic, social, political, religious, either in country of origin or in the United States, which may reasonably be held to have affected migration during the period under discussion? Here we must at once recognize the probable effect of unemployment in this country during the fiscal year 1922. Bad news travels fast and the fact that unemployment here had reached such proportions that the President called a national confer-

ence in the fall of 1921 to deal with it undoubtedly was known throughout Europe. This would check potential immigrants whose chief motive was to better their economic condition. On the other hand, it would have comparatively little effect upon those whose chief motive was to escape political or religious persecution, such as the Jews were then suffering. Also it may plausibly be held to have had less effect upon the wives of aliens already established here than upon men who had no American connections.

These reasons alone may well have caused

per cent, 48.7 per cent and 57.6 per cent; Holland, 66.8 per cent, and Germany, 28 per cent. For this, economic conditions, not the law, must be held accountable. The first four months of the present year have seen an increased immigration from northern and western Europe of 18,763, or 45 per cent over the same period last year. Here is a source of supply upon which we not only can draw, but upon which we now are drawing.

Another source is the neighboring American countries, for the 3 per cent law does not apply to British North America, Mexico, the West Indies and Central and South America; either as to their nationals or as to foreigners who have resided in these countries continuously for five years or more.

Further evidence supporting the contention that immigration in 1921-22 would have been greater had business conditions been better is given by the Canadian immigration statistics and by statistics of immigrants to the United States from other American countries, excluding British North America.

## Arrivals at Inland and Ocean Ports of Canada

1922	1921	1914	1913
89,999	148,477	384,878	402,432

## Immigrants to the United States from Other American Countries

(Excluding British North America)			
1922	1921	1914	1913
26,614	45,877	28,015	23,221

Obviously the business depression of last year is reflected in these figures. Now that business conditions have improved we have reason to believe that the number of these immigrants will increase.

Evidence is furnished by table No. 2, which shows how responsive immigration has been to business conditions.

But granting full value to this interpretation of statistics, it does not give us the full answer to our immigration problem. Last year and this year have presented two very different aspects of the working of the present emergency law. Last year—a period of business depression and unemployment—the law probably prevented our being swamped by a

myriad of fugitives from want and oppression. Keen as was our sympathy for these unfortunates, a sympathy demonstrated by the American Relief Administration, their arrival at our ports would, to put it mildly, have greatly handicapped our efforts at recovery. This year, a period of business revival, industrial leaders in some parts of the country declare that there is a serious dearth of labor, especially unskilled labor.

As we are now endeavoring to formulate a permanent immigration policy it is in some respects fortunate that these two aspects of the problem have been presented in such dramatic proximity. For this will prevent our substituting for the present emergency law a permanent measure based upon one-sided experience.

It is frequently declared that America has



© Lewis Hine

What will the melting pot make of him?

the unusual proportions shown by the 1922 statistics. The validity of these reasons is indicated further by the changed proportions during the first months of 1922-1923.

Another factor of importance which is not accurately interpreted by the 1922 statistics alone is the immigration from northern and western Europe. While the 3 per cent law undoubtedly kept out many would-be immigrants from Southern and Eastern Europe—though we can only estimate the number and the proportion of male laborers, Hebrews and females who would have come to America had there been no such limitation—it did not check at all the migration from countries which we have been accustomed to look upon as our best sources of supply. The United Kingdom sent only 55.2 per cent of its quota; the Scandinavian countries 43.8

passed the days of unrestricted immigration. With equal emphasis it is stated that America can never close her gates entirely. Probably our permanent policy will be a mean between those two extremes. In formulating this policy many factors must be taken into account. The most important asset of any nation is its people. The future character of the American nation will be determined in large degree by the character of the aliens we receive. But what method shall we use in selecting those whose children are to become bone of our bone, flesh of our flesh? This is the first and most difficult of the practical problems facing those who would determine our immigration policy.

Subsidiary to this problem are others of great importance and of more immediate consequence. Assuming that a sound method of selection has been adopted, the selection should be made as near the point of origin as possible. We are not insensible to the tragedies enacted at our ports of entry where these wanderers, who have uprooted themselves, sold all they possessed and spent much of the proceeds on their long journey, are finally turned back at the very door

### Immigrants by Racial Groups

*Fiscal year ending June 30, 1922, and first four months of fiscal year, 1923*

Race or people	Fiscal year ending June 30, 1922				July-October, 1922	
	12 months		July-Oct., 1921			
	Number	Per cent	Number	Per cent	Number	Per cent
North, West and Central European.....	131,940	43	52,536	37	73,296	39
South European.....	48,721	15	29,553	21	38,431	20
East European.....	33,247	11	18,984	13	26,801	14
Hebrew (from all countries)...	53,524	17	26,466	19	20,245	11
Asiatic.....	14,767	5	6,443	4	5,746	3
From the Americas or adjacent islands.....	26,614	9	8,506	6	23,143	13
Other people.....	743	...	456	...	324	...
Total.....	309,556	100	142,944	100	187,986	100

NOTE: North and West Europeans increase greatly in numbers in July-October, 1922, but percentage for those months shows only slight increase because Eastern and Southern Europeans are now rapidly filling their quotas. The last months of the year will, if present tendencies continue, show a very greatly increased percentage of North and Western Europeans. See also increase from neighboring American countries.

of the land of promise; or worse still, when families are separated because of the financial inability of all to return when some are refused admission.

The only way to prevent these tragedies is to stop those who are inadmissible before

become loyal and effective citizens, we must protect them against exploitation while they are learning their way amid strange surroundings, assure them proper housing, provide for the education of their children.

they have severed their old-world connections. Theoretically we can station agents in all parts of Europe to whom prospective immigrants may go for advice and examination. Practically the establishment of such a service presents great difficulties—accord with foreign governments, the establishment of an organization which will function effectively and without abuse of power. But these difficulties, great as they undoubtedly are, will not prove insuperable if we can decide upon a sound method of selection. Nor will it prove impossible for us to reorganize our immigration service so that its administration will be centralized in one federal agency.

But the selection and admission of aliens is not the end of our task. We must expect that a considerable proportion, perhaps the large majority, will remain in America and become American citizens. For them we must make provision that will aid them to become loyal and effective citizens, we must protect them against exploitation while they are learning their way amid strange surroundings, assure them proper housing, provide for the education of their children.

## Not All Coal Is Coal For Taxing

A COAL TAX is one of Germany's measures for raising revenue. This tax is a heavy impost, too, amounting to 40 per cent of the delivered price.

The coal tax in Pennsylvania, however, has had a deal more popular attention than the German tax, even though the Pennsylvania tax amounts only to 1½ per cent of the value when ready for shipment and falls on anthracite alone. Pennsylvania's present tax dates from 1921, when the governor of the state asked the legislature for increase of \$10,000,000 in revenue. In 1913 Pennsylvania had attempted a tax on anthracite, and again in 1915, but both of these earlier taxes were declared illegal.

The present tax came into legal question because of the initiative of a shareholder in a mining company. Finding that the company was preparing to pay the tax, the shareholder sued to restrain what was, from his point of view, such misconduct on its part. He took the ground that the law levying the tax denied the company, and other anthracite companies, the equal protection of the laws. The argument was that equality required a tax on bituminous coal, too.

The Pennsylvania Supreme Court did not agree with this contention. It refused to be a party to any suggestion that "coal is coal," and said that without denying equal protection of the laws the legislature was justified in recognizing differences between anthracite and bituminous, just as it might treat differently natural gas and artificial gas.

To this reasoning and to the result the shareholder objected, and he carried his case

to the United States Supreme Court. In going to the Supreme Court the shareholder was accompanied by the attorneys general of nine states, who upon behalf of their commonwealths took the position that the tax really falls upon their citizens, who use 90 per cent of Pennsylvania's anthracite, and that it is therefore invalid as substantially a levy made by Pennsylvania upon interstate commerce.

The decision was awaited with a great deal of interest. Interest was not confined, either, to the New England and other nearby states which consider anthracite coal a necessity of winter life. States as distant as Texas and Minnesota looked for some light out of the result, for five different states now have in force a tax of somewhat the same kind upon natural resources when they are placed in course for utilization.

These taxes masquerade under a variety of aliases. In Minnesota there is an "occupation" tax of 6 per cent of the value of all ores mined; it is expected to produce about two million dollars a year. In Texas there is a "gross receipts" tax, paying 1½ per cent upon all petroleum produced; it yields around five million dollars a year. Louisiana has a "severance" tax, of 2 per cent of the value of all timber cut and minerals mined. Oklahoma has a "gross production" tax, of ½ of 1 per cent on ores and 3 per cent on oil and gas, and it means about eight million dollars a year. Alabama has a "tonnage" tax, which is restricted to coal and amounts to two cents a ton.

On November 27 the Supreme Court handed down its unanimous opinion. It

agreed that both bituminous and anthracite coal are compositions of carbon, as had been elaborately argued before the court, that both are capable of combustion and may be used as fuels, but under different conditions and manifestations and with the differences determining a choice between them as fuel. The Supreme Court said that the State of Pennsylvania could consequently distinguish in its taxes between anthracite and bituminous coal.

The court then turned its attention to the attorneys general. It boiled their argument down to the proposition that the products of a state which are destined to have a market in another state are, before they have been moved from the place of their production or preparation, subjects of interstate commerce and accordingly under the exclusive regulation of Congress. Such a proposition the court said refuted itself as soon as it was stated.

Its acceptance would mean that all industries of the country, in all of their operations, would be withdrawn from state jurisdiction and delivered over to federal control.

Of course, the court did not have before it any of the proposals which have been made from time to time that the Federal Government should undertake varying degrees of nationalization of coal mines. It is worth noticing, however, that in its sweeping statement the court in this case intimated strongly that the commerce clause of the Constitution cannot be used to give the Federal Government control over coal which is still in the ground.



# Business of Luncheon Oratory

By P. W. WILSON

ANY STATISTICIANS who at the moment may be seeking work, might usefully devote some of their unemployed mornings to calculating how many millions of lawyers in this country and of doctors and clergy and captains of commerce and even editors and bankers do lunch together weekly or oftener and dine together fortnightly or oftener in order to improve their minds, even at the risk of their digestions, by listening to "little talks" on thousands of topics like uplift on the subways, faith healing by the card system, what spiritualism means for the department store and how a real estate agent discovered the Sermon on the Mount.

When first I came to the United States I was still inexperienced and I well remember a day when, unsuspecting and innocent, I accompanied a friend to his club where we were to lunch. In what was, I now realize, a private room, about thirty men were eating with obvious enjoyment, and I myself had my mouth full of chicken when, without a word of warning, my neighbor, who could not have looked more respectable and trustworthy, suddenly rose to his full height and announced that they had in their midst a distinguished, etc., etc., who would favor them at this time with his views on the Near East.

The chicken, as I gave it a downward gulp, could not have been more surprised or embarrassed than was I at this sudden demand for eloquence over the Armenians, and the only thing to do on the spur of that moment was to give the terrible Turk a terrible time.

When lunch was over, everybody gathered around and grasped me warmly by the hand, assuring me that I was a very Demosthenes, which kindly compliments I entered in my ledger at par, not as yet realizing that at such luncheons, to be called on for a few remarks is no more of a distinction than to be asked for the celery or salted almonds. You take pepper and sugar and olives with your food, and you also take a little rhetoric.

Why is it, then, that Americans thus submit to be lectured? Why do they find it such a luxury to listen? In no other country is there one hundredth part of the speech-making that you find here. As Dickens noted eighty years ago, such oratory is an institution, characteristically, almost exclusively, transatlantic. Much of what is said—and I write as one who says some of it—is ephemeral rubbish, while of the balance, a good deal, at any rate, is more or less good-humored bunk. Yet conversation is suspended, gossip is hushed, condolences over poor Smith's sad loss of a well-insured car—perhaps a Fordmobile of the latest price—have to be postponed, in order that someone's ideas about the weather, climatic, financial, religious or political, may enter one ear and possibly escape by the other.

What is the secret of the ritual? There must be a reason, for it costs time, money, attention. It is an institution, universal as

the atmosphere. Explain the American luncheon, dinner and lecture and you have understood the United States themselves.

The first fact is that Americans are still a lonely people. They left Europe behind—which is one reason; and they are always

the best policy but the only happiness. Devices that deviate from the rectangular are seen to be not worth while.

Public opinion becomes healthier because it is public. What cannot be avowed is driven underground. Commerce continues to be the greatest of all games, but it becomes a game with rules and the conscience of the community is installed as an umpire which the individual defies at his peril. In the luncheons and lectures and banquets, there is thus a purpose—an important purpose—not always realized, it may be, but present all the same in the subconsciousness of the nation.

After all, "quick lunches" have been in the past sometimes too quick. There is a sense in which all eating should be a sacred communion. At these hospitable boards, there is developing that religion of humanity which includes all religion. Men of diverse racial origin and of conflicting creeds arrive at mutual respect and a common citizenship.

The sectarian and economic barriers are broken down. Buying and selling and the services of the professions are broad-based upon a new knowledge, each man of the other.

So far, so good; but what about the better that lies ahead? Grant that these festivities serve an invaluable purpose, is the best use made of them? Are the speeches what they might be? Here is, after all, an unparalleled opportunity of formulating great ideals and purposes in terms of practical life. Here ought to be a continuance of education into the years when school and college have become a thing of the past. Here is a real attempt to keep the soul of man alive amid the crushing pressure of the material interests around him. These luncheons, lectures and dinners, like that amazing institution, the Chautauqua, ought to be taken seriously and studied with care.

For even in luncheon clubs there are perils. In the main, these festivities represent organized success. The men who thus gather together are not poor men. They are men who have got on. Long since have they left behind them the weekly wage. They are men who give orders which others obey. They are employers. They constitute that commercial aristocracy which has replaced the feudal or hereditary system of caste in Europe. Among these men, you will not find one Socialist, one Radical, one under-dog. They are the one half of the world which must never forget how the other half lives.

Now what is it that, more than anything else, the United States needs as an aid to her true prosperity? It is a better understanding between Capital and Labor. It is not difficult for capitalists, when lunching together, to understand one another. But it is difficult for them to understand the people who cannot afford any such lunch and dwell amid a wholly different environment. If there is to be a maximum production of goods and therefore the maximum enjoyment of those goods by the community, there must

IT IS a literary fashion of the moment to deride the American business man and his oratorical luncheons. Sinclair Lewis has a fling at Mr. Babbitt's pride in his Boosters' Club; Christopher Morley, in "Where the Blue Begins," talks of the "miscellaneous passion for palaver displayed by Big Business." The hero of Mr. Morley's whimsical romance "did not realize that the net importance of this thing was absolute zero" when he was asked to contribute to the discussion of "Underwriting Overhead" at the Merchandising Uplift Group.

But is it "absolute zero?" Mr. Wilson, who combines an American with a British viewpoint, doesn't think so. Perhaps he's not an unprejudiced witness since he pleads guilty to speaking at such gatherings. But what he has to say is fresh and interesting.

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leaving each other—which is a second. New folk flock fiercely into new cities and want to feel at home.

Hence, the gregarious instinct—the Rotary Clubs; the fraternities; the frisky Elks; the chorus-laden Kiwanis; the rule-in New York that on a given date everyone who values his skull must change his straw hat into a softer brain-bag; the feeling that on a given day, at a given hour, we must all get together in the same room, breathe the same air, clap the same claps and yawn the same yawns.

It means that a new and bigger family is being built up. No employer, let us say, of 350 house-painters can feel quite the same about the piazzas which he adorns when, once a week, he meets the men whose wives rock within those piazzas, and confesses with those men that he is a little prairie flower, growing wilder every hour, which description—a little prairie flower—so exactly suggests what in these days a big success in business looks like.

## Business Needs Fellowship

THESE varied and sometimes vociferous hospitalities are thus illuminating business with companionship. Trade is found to be something more than a cut-throat competition. It is rather a mutual service, rendered by friend to friend. If there is honor, even among thieves, then among friends there should also be an honor, at least as scrupulous, towards which high standard these social occasions contribute.

As an Ishmaelite, wandering through life all by himself, with no one to care what happens to him, and himself caring nothing what happens to others, a man expects no quarter and gives none. It is cut and thrust and let the devil pick up the casualties. But as a member of a community, hobnobbing with Bill and jolly Sam, our Ishmaelite learns that he has neighbors, that he should treat those neighbors as he would wish to be treated himself, and that honesty is not only

be a partnership of mutual respect among all who are responsible for the said production.

The relations between capital and labor have been regarded too often as a controversy between irreconcilables. They are in reality a science, to be studied like any other science. In the colleges, professors teach psychology, which means the science of the mind—that is, of the individual mind. The business man also needs a psychology, a knowledge of the social mind. He should be quick—very quick—to detect a grievance and to remove it. And he should recognize that a grievance often loses its sting when it has been frankly stated. Most of us believe that the only industrial system which “gives the goods” to a community is the system where capital and labor are employed, as partners in production. In loyalty to that system, therefore, we should make sure that it is fairly worked.

One of the saddest sights in modern society is the man who does not know what in this wide world to do with his money when he has made it. His attention has been devoted entirely to the production of wealth, and he has had no time to study the art of using wealth. For men whose fortunes are on the upgrade, a regular engagement to hear about the needs of humanity is a valuable safety valve.

At Norfolk, Virginia, I came recently upon a Kiwanis Club that has built a children's clinic for the King's Daughters to conduct. A more beautiful illustration of the way in which organized men may cooperate with organized women can be hardly imagined. And in New York the Rotarians are working among the boys and girls and especially among crippled children. Here is a religion against which there can be no law and no dogma. It is a blessing that addeth no sorrow unto it.

Another line of country that may be followed at luncheons and lectures is the world beyond our borders. The United States is now the biggest economic, political and industrial unit on this planet. She is building up a vast import and export trade. She has debts due to her from Europe. She has ever-increasing investments in Latin America. Yet her people often dwell hundreds, even thousands of miles from the ocean. And other thousands of miles of the ocean itself separate these shores from other continents. The mind which would guide American commerce must leap these vast distances. The imagination must envisage actual conditions in China, India, Europe, Africa. If there were

more knowledge of what things other nations need, we should see no man unemployed and no plant on part time.

Every day, the newspapers are devoting more and more space to foreign affairs of every kind. But there is still the idea that these matters concern, not so much the middle west as the cities along the eastern seaboard. This is a delusion that ought to be dispelled. The great harvests of grain and cotton, the vast output of meat and metals, are international. The eastern states are thus often the gateway of the middle west, and no more. And the country as a whole is one organism. To make the man see this, who is at present engrossed in one and only one local business—this should be the aim of those who speak at the commercial conferences.

After all, the idea of citizenship, like everything else in this universe, must either grow greater with time or shrivel away. A tree that does not grow is a tree that is dying. Hitherto, we have considered that a citizen is, first and foremost, a man, set free from the despotism of tyrants. That is true, and true let it ever remain. But liberty is not enough. Citizenship also means service.

### Politics Not Always the Scapegoat

IT IS not enough in these days for the captain of commerce to say that if things go wrong it is all the fault of the politicians. There is a loyalty to the country which cannot be thus delegated to others. The day is rapidly approaching when the best men and women of every persuasion will find that they must take their obligations as citizens more seriously and recapture politics. The talk at luncheon is a method, perhaps the best method, of hammering the new citizenship into shape on the anvil of the human mind. The luncheon is an arena where men of both parties meet. The politics of the luncheon are no longer a mere quarrel but become constructive.

If any thing here said is true, it follows that the man and woman who lectures other men and women should respect his audience. His responsibility is as grave in every way as that of a preacher in the pulpit. For every idle word that he speaks he will be held to judgment, and by his words he will be justified—by his words, condemned. For myself, I find that the short address is what costs me most time and care in preparation.

To the quality of a speech, the question whether a fee is paid for its delivery should

make no difference. Every speech costs at least the time of the audience. That oratory should appeal to the emotions is obvious, but it should appeal not less to the reason. The emotions pass away; what permanently influences a man is knowledge, thought, logic. Humor has its place, but it should be a servant not a master. Plunge straight into the subject and you will hit at once the attention of your hearers. The best way to say a thing is to have something to say.

And select as your chairman the man of fewest words and pleasantest smile. He can smile without delaying the proceedings. But he cannot talk unless he stops the clock. Most luncheons have to be and, in fact, are, severely punctual. They are spells of good fellowship, torn from the day of strain and stress. They are testimony that the business man shall not live by business alone. And to provide him with food also for thought, for hope, for aspiration, and, it may be, for a wholesome repentance—that should be the function of anyone who speaks to him by the wayside.

### Do Business Men Neglect Politics?

That question is answered decidedly in the affirmative by Mr. Edward N. Hurley, erstwhile chairman of the United States Shipping Board, in an article published in a recent issue of *Collier's Weekly* under the title, “Are You Too Busy to Mix in Politics?” He makes the bold assertion, based on many years' observation, “that business men ought to know more about politics and politicians ought to know more about business, and that the only way the two can come together is by mixing up with each other.”

Mr. Hurley believes that there is much sound logic in President Harding's epigram, “more business in government and less government in business.” He complains, however, that it is impossible to make such a policy effective when business men shirk their duty by refusing to accept responsible governmental posts when invited to do so by the President. “I am sure it is high time,” says Mr. Hurley, “to end the consideration of business as an enemy of government and of government as an enemy of business.”

Business men are needed in appointive offices in order to give the civil service employees a broader vision on matters relating to industry and commerce, he says. “I would rather have an out-and-out politician than a business man in any elective office,” Mr. Hurley continues, “but I do think there ought to be—I am sure of this—more business men in the appointive offices.”





# Railroads Are Doing Their Job

By CHARLES FREDERICK CARTER

**I**N WEEHAWKEN dwells an undertaker who, for his family's sake, shall be nameless here. Being a prosperous undertaker he buys coffins in carload lots. Next day after mailing an order for a car of coffins he telephones Joe Mandeville, the yardmaster, to inquire if the car has arrived. The following day he telephones twice. On succeeding days his inquiries increase in arithmetical progression until at last the glad tidings flashes over the wire that that car of coffins is on the team track waiting to be unloaded. Then the undertaker loses interest. Then he wants to leave the coffins in the car and take them out as his customers call for them.

Now it's Joe's turn at the telephone. Beginning in a polite pianissimo, his importunities to come and unload that car swell in fortissimo diapason until the lady telephone operator, blushing furiously, claps her hands over her ears and disconnects the line with her foot.

This Weehawken undertaker is of particular interest just now because he is the incarnation of a type of shipper who, on receiving a consignment, wants to keep the car as a souvenir. If you would know how numerous this type is, the Car Service Division of the American Railway Association will prove to you with incontrovertible figures and deep emotion, that not more than 65 per cent of the capacity of freight cars has ever been utilized. The Car Service Division will go farther: it will demonstrate that if it were possible to induce all shippers to squeeze just one little ton more of cargo in each car every time it was loaded that feat would be equivalent to adding 100,000 cars to present equipment.

Not content with that, the Car Service Division will convince you by a simple mathematical calculation that if every car was moved only one mile more each day that would be equivalent to adding still another 80,000 cars to present equipment. Total, 180,000 cars added to present equipment, just like that.

Turning now to the Car Service Division's weekly reports of car loadings it will be found that the car shortage; that is, the aggregate orders from shippers that could not be filled for the week ending October 30, was 179,239, the greatest ever recorded. If all the things indicated could have been done, therefore, instead of there not being enough cars to carry the nation's traffic during this unprecedented period of commercial activity, there would actually have been 761 cars looking for a job.

The Car Service Division is supporting the endeavors of the individual roads to secure the co-operation of shippers in heavier loading and prompter unloading and release of cars, on the ground that the shippers themselves, instead of the railroads would be the greater gainers.

Why, the Car Service Division is prepared

to prove that the aggregate value of goods in transit on the railroads of the United States is \$1,200,000,000 on any given day. The saving of just one day's time in loading, movement and unloading, the greater part of the time being under control of the shippers, would mean the saving of \$18,500,000 in interest annually. At this point it would be wise to come up for air; for if you were

States is cluttered up with freight that can not be moved. A frugal and industrious car can easily earn from \$20 to \$30 a day carrying high grade traffic under preferred movement.

Borrowing equipment without permission is by no means so rare as you might think. Just as in former days an enterprising person with no capital but a broncho and a branding iron might grow into a Napoleon of the livestock industry in the west, some railroads have found that all they needed was a track and a capacity for rustling. If you can believe what those Texans tell you, a certain traffic officer, while station agent on a poverty-stricken little road, used to take a switch engine at dead of night, mask the headlight and muffle the bell and sneak down to the yards of a more prosperous connection which he would rob of cars enough to load the cotton received during the day at his station. His enterprise was soon recognized by deserved promotion.

These are samples of some minor difficulties besetting the railroads in their attempts to provide the transportation facilities that must be provided if the country is to prosper. Of course the major handicap is the progressive atrophy of the railroads.

"A railroad man's life is devoted to overcoming obstacles," said the former president of a great western road who, having retired, can bear the troubles of his former associates philosophically. "I do not subscribe to the doctrine that the railroads are hampered. There are no fetters on initiative."

In confirmation of this assertion, Julius Kruttschnitt, chairman of the Board of the Southern Pacific Company, has pointed out that four times the traffic units were handled in 1920 that were handled in 1890 in two-thirds less train miles than 1890 operating conditions would have required. The annual savings each year have been correspondingly great, the cost of handling the enormous traffic of 1920, the greatest in the nation's history thus far, being \$6,742,000,000 less than the cost of handling it by 1890 methods. This saving was \$633,000,000 more than the entire operating expense of the railroads in 1920, notwithstanding the high cost of wages and materials. And in the face of such a record some persons talk about the millions that might be saved if railroad managements knew their business!

The scientific use of statistics has played a vital part in achieving these almost incredible results. For example, when Mr. Kruttschnitt was vice-president and general manager of the Southern Pacific, he had the controller place an accounting force in each division office to compile costs so that the superintendents knew currently about how their expenses were running, while all officers knew accurately a few days after the end of the month. Week by week the superintendent could see exactly what locomotive

**I**N THIS, the first of a series of railroad articles by Mr. Carter, whom we introduced to our readers last month, he makes plain the heroic task the railroads have accomplished in the face of great obstacles.

Under normal conditions handling an unprecedented volume of traffic would be a negative virtue—no credit to the railroads, but a disgrace not to do it. But conditions are far from normal. The railroads are like a waltzing bear: the wonder is not that they waltz so well, but that they can waltz at all.

This account of a truly remarkable performance should be read, bearing constantly in mind the fact that the railroad plant has not kept up its growth, that equipment has ceased to increase relatively to traffic, while terminal facilities are substantially unchanged.

The thing that makes present railroad performances remarkable is that the enormous handicaps mentioned are to a large extent overcome or offset by executive skill. The miracle of the loaves and fishes is being repeated daily by the railway executives of America.

What should give every man concern is that miracles cannot always be depended on to move the nation's traffic. Great losses are inflicted through inability to move freight where it is wanted when it is wanted. In the last analysis this loss is borne by you and me.

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to linger longer there is no telling what the Car Service Division might prove.

But we should not be too hard on the shippers for imitating their betters. Last fall certain eastern roads retained refrigerator cars specially built for the California fruit trade for use in hauling less than car load freight on their own lines while fruit rotted on the Pacific Coast for want of cars in which to ship it. And at the beginning of November the Great Northern Railway reported that it had only 48.5 per cent of its own box cars and 43.4 per cent of its own refrigerator cars on its own lines. Other roads were in nearly as bad shape, while every railroad office in the west was deluged with letters and telegrams from grain, potato and fruit growers pleading for cars in which to ship their products. In some places farmers drove 50 miles and camped out at night to get their grain to an elevator only to find it filled and a line of loaded wagons ahead of them.

Of course the roads retaining equipment belonging to others salved their consciences, if they had any, by paying the dollar per diem for the use of the cars as required by the rules of the American Railway Association. A dollar a day is a lot of money to pay for cars you don't need in dull times, but it is nothing at all when the whole United



performance had been. Mr. Kruttschnitt gives it as his opinion that promptness in getting this information did more to increase efficiency than any other single item.

By showing in current statistics the gross ton miles hauled per pound of fuel the Southern Pacific is getting 25 per cent more work out of a pound of fuel than it did in 1913. With fuel averaging \$6.66 per ton in 1920 this represented a saving of \$5,678,000 for that year. Economy in the use of power is stimulated by estimating its cost and furnishing division superintendents the cost of the potential power in their locomotives that they do not use. This brings home to the individual the great waste in using only 60 to 80 per cent of the power of a locomotive. Now that you have seen what statistics can do you should be more respectful to them hereafter.

of couplers in use where there is now but 1; and 20 different kinds of brake shoes where now there is 1.

To offset the steady gain in efficiency there is an equally steady increase in the spread between the areas of production and the areas of consumption. The average haul of all freight is constantly increasing.

In 1900 the average haul of all freight was approximately 182 miles; in 1911 it was 258 miles; in 1921 it was 356 miles. The average length of haul of perishable food products is 1,400 miles. It is commonplace to find on a breakfast table on the Atlantic seaboard fruit from California, cereal from Saskatchewan, bacon from Iowa, eggs from New Jersey, potatoes from Long Island, and cream from Vermont. The spread on the breakfast table typifies that found in industry

the prosperity that is being passed around? Here are the facts: figure out your own conclusions. The total amount of freight revenue collected by the railroads in 1900 was 9.2 per cent of the value of manufactures in that year; in 1900 the ratio had increased one-tenth of 1 per cent, but ten years later it had shriveled to 6.9 per cent, a decrease of one-fourth in twenty years, during which time the price of everything that a railroad buys had nearly doubled.

In the last week of October the railroads loaded 1,014,480 cars of freight, which was but 1.3 per cent less than the record week of 1920. This achievement was in spite of the fact that there was an unprecedented tonnage of coal and in spite of depreciated power and a smaller number of cars available than during the peak week of 1920.



Here's one of the railroad's great problems, the terminal, and here's one way that problem has been solved. It's not a simple solution:

barges for freight, ferryboats for passengers, load, unload, reload. Do you sometimes wonder that the railroads function at all?

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The Car Service Division of the American Railway Association points out that in 1890 the railroads hauled 983 tons of freight and 153 passengers one mile for every \$100 invested in physical property. In 1914 this had increased to 1,683 tons and 206 passengers hauled one mile; today the figures are 2,100 tons and 239 passengers hauled one mile for each \$100 invested in physical property. Anyone who can find in this statement any evidence of "watered" stock may keep it.

Further examples of progress in railroad efficiency may be found in the standardization of their equipment and the change in the character of cars to fit the changing units of trade. In 1882 there were in existence 56 different varieties of car axles; in 1921 there were but 5. In 1882 there were 58 different kinds of journal boxes; in 1921 there were 5. There were formerly 26 different kinds

and commerce made possible by the "unfettered initiative" of railroad executives.

To gain an idea of how the railroads are doing the job of handling the greatest traffic in the history of the country before they have had time to recover from a Government operation that almost proved fatal, complicated by a severe relapse in the form of a shopmen's strike and an unnecessary coal strike which resulted in dumping a coal movement right into the thickest of the fall crop movement, the best that can be done is to return to the Car Service Division of the American Railway Association.

Under the conditions described the railroads handled in the first seven months of 1922, 38,828,000,000 more net ton miles of freight with 41,270,000 less freight train miles than during the corresponding period of 1914. There's efficiency for you.

And did the railroads get their share of

It is interesting to note that in the week ending July 8, when the shopmen's strike was in full swing, 718,319 cars were loaded as compared with 640,535 cars in the corresponding week of 1921, and 796,191 in 1920. The following week the loading had increased to 860,907 cars, or 86,023 cars more than for the corresponding week of 1921. Thereafter the loadings never fell below 851,351, the figure for the first week of August. A month later the loadings had increased to 931,598 cars, or 100,000 more than for the corresponding week of 1921 and only 30,000 cars below 1920. In the third week of October the loadings passed the million mark. Strike or no strike, no matter what happened, the railroads were doing their part.

Not the least interesting feature of this heavy traffic under difficulties was its character. In the first forty weeks of 1922 more cars were loaded with merchandise and mis-



cellaneous freight than ever before in any similar period, the figures being 20,649,237 cars, an increase of 4.02 per cent over the corresponding period of 1920 and of 13.87 per cent over 1921. In the four weeks ending October 14 the number of cars of coal handled was 13 per cent less than for the corresponding period of 1920, of ore 39 per cent less, of coke 39 per cent less, of forest products 5 per cent less than in 1920.

The character of service rendered keeps pace with the increase in volume. The regular schedule for perishable freight from New Orleans to Chicago is 67 hours 30 minutes; to Kansas City 57 hours 30 minutes; to St. Paul 92 hours; to San Francisco 165 hours. Freight is delivered in Buffalo on the second afternoon after leaving New York; in Chicago on the fourth day, and in Kansas City on the sixth day after leaving New York. Packing house products formerly reached New York on the third morning after leaving Chicago; but during the extreme congestion of October and November delivery was made on the fourth morning. Even that would seem splendid service, considering conditions, to any one but a general freight agent resolutely determined to be satisfied with nothing short of telegraph speed, or aeroplane service at the very least. But no operating department ever yet succeeded in satisfying the traffic department of any railroad. Some of these days the operating department is going to tell the traffic department to take its darned old railroad and go to—well, it would serve them right.

But these figures for the traffic of a whole nation are too stupendous to grasp readily. Getting down to a single railroad, the New York Central has a six-track main line across the State of New York. For what was once the West Shore, a double-track road, is now a part of the New York Central operated from the same offices by the same dispatchers.

In the month of October the New York Central Lines moved a total of 850,607 cars of freight, which was 21.4 per cent of all the cars loaded in the United States in that period, and an increase of 16,363 cars over the previous high record for the system. On each of the 26 working days of the month

an average of 8,427 cars were loaded, exclusive of automobiles. Of course not all this immense number of cars passed a given point, for the figures quoted are for the entire system.

Still, things moved pretty lively everywhere. For example, cars passed through the great clearing yard of DeWitt, just

less than the Pennsylvania. Then again none of them can touch the Pittsburgh & Lake Erie, a subsidiary of the New York Central, which sets the mark at 2,291 gross tons for the average train load.

One of the New York Central's little jobs was to do its share in moving the largest peach and apple crops in the history of western New York. Part of the job for the New York Central was to move 15,000 cars of peaches in refrigerator cars in three weeks. Then a sudden impetus in building in the late fall caused another rush. Builders simply had to have materials to make houses habitable for the winter.

Road building, also a seasonable occupation, called for materials in large quantities. At the same time there was a heavy movement of California grapes to the New York market, to make—well, jelly and grape juice. Anyway, the New York Central had to handle its own share of this particular perishable traffic plus the shares of other roads that were swamped by coal and embargoed, amounting to as many as 300 cars at a time.

While handling all this terrific volume of other traffic the road had to deliver to New York alone 12 train loads of milk every day and return an equivalent quantity of empty cans, to distances as great as 200 to 300 miles.

On top of all this the rails had to be kept free for a large number of fast passenger trains. Passenger train mileage for the month aggregated 20,750,949, which was equivalent to a train each way between New York and Chicago every four minutes night and day.

But it was all done so smoothly that the road even had time to

© Hamilton Maxwell

Another means of entering a city? Here's the way the Pennsylvania gets into New York. Under a river, then through an open cut with a flash of light, then back again under the postoffice and into the station with the big new Pennsylvania Hotel in the background.



outside of Buffalo, at the rate of one every fifteen seconds, four a minute, 240 an hour, for the entire twenty-four hours each day in the month. Not merely in the yards, but everywhere else everybody stepped lively. Traffic moved in average trains of 2,039 gross tons and 21.8 car miles per car day as compared with 1,699 gross tons per train and 20.5 car miles per car day on the Pennsylvania. But when it comes to getting cars over the road the Illinois Central is entitled to the cake, for it hustles them along at the rate of 40.1 car miles per day in trains of 1,694 gross tons, only 5 tons

pocket money by doing odd jobs, such as handling a special train bearing six million dollars worth of silk on a twenty-five-hour schedule from Chicago to New York.

When it can't get silk the New York Central is content to haul coal. Between September 10 and October 18, 14,559 cars containing 765,405 tons of coal were delivered by the Central at Ashabula.

Service like this makes it possible for the nation's industry to continue to function. Taking one consideration with another, you will have to admit that the railroads are certainly doing their job.



# Get Out And Look Around

By HARRY BOTSFORD

**T**IME WAS when the executive of an organization contented himself with coming to the office, sitting on the small of his back, reading his mail, pondering over long reports from heads of departments and salesmen, and ever and anon writing a sarcastic letter to his congressman when business was poor. Those days are gone forever! The modern executive spends fewer hours at a desk, but he gets out in the field and finds out things at first hand. He is finding out more about his business and ways and means of increasing that business than he ever dreamed was possible before.

Here's one example of how it works out. A friend of mine is the sales manager of an organization which makes power transmission machinery. A year ago, when business was staggering along weakly under a half-portion of orders, he decided to make a trip and give the field a little investigation. He did not confine his itinerary entirely to his big dealers or branch offices, but took in some more or less isolated territory.

He stopped at a small Iowa city which boasted only one manufacturing enterprise—a tractor plant of moderate size. With no really definite idea in mind he called on them, explained who he was and asked if he could be of any service. It seemed he could! The chief engineer explained in detail one problem which had been bothering them. All of their tractors were equipped with small split-wood pulleys for use when the tractor was used as a power plant on the farm for the purpose of driving threshers, milk separators, churns or small machine shops. They had been buying these pulleys on the open market in small lots and the pulleys had failed to stand up under the work for which they were intended. The sales manager happens to be something of an engineer and, after going over the problem and spending several days at the tractor plant, drew up specifications for a new type of pulley which he believed would fill the bill. He sent these specifications to his home office and the new pulleys were sent back by fast express and underwent a severe test while the sales-manager swung around the circle.

He stopped at the Iowa city on his return and found an enthusiastic reception awaiting him. The pulley which he designed had more than proved out. He left with a very satisfactory order in his pocket for a lot of the new pulley type and the promise of frequent additional lots as conditions warranted.

That was a year ago. Since that time there has been a reorganization of the tractor company, their business has enlarged, and in addition to selling tractors for strictly tractive work, they are also selling them for prime movers in small farm-power plants of various kinds and are specifying and furnishing as equipment pulleys and hangers and bearings made by the company who makes the drive pulley on the tractor. Today that account is one of the most valuable on the books of the power transmission company.

The president of a barber supply house could tell you a mighty interesting story about a certain popular brand of hair tonic that now has a national distribution. Originally this barber supply house was a drug supply house. One day its chemists developed a mixture which was pronounced as

being a fine hair tonic—if there be such. For some time this organization had been considering the advisability of switching from a drug supply house into a barber supply house and with the perfection of the new hair tonic they believed the time ripe for the change.

Salesmen were called in, given new routes and new calling lists, given a good sales talk and a final God-bless-you-go-and-get-the-business. Their line moved well—at first glance it seemed the change had been a very profitable one. But the real trouble developed when salesmen began to make their second swing around the circle. Repeat orders rolled in on every item but the hair tonic. Only in two cases did repeat orders manifest themselves. Inquiry from the salesmen failed to bring any light on the subject. Barbers just didn't order any more of the tonic—that's all there was to it. Inquiry at the shops failed to bring to light the cause of the trouble. And he found out himself.

**T**HE president of the concern was vitally concerned; aside from being chief executive he was also the heaviest stockholder and he realized that the tonic was the step from a bare living to a good living profit. In other words, he felt that if the tonic could be put over where it would receive proper consumer acceptance it would put the company on its feet in a substantial manner.

He determined to find out just where the trouble was, so he packed a bag, bought a ticket and just started in a general direction with the sole idea of locating the difficulty. For the first time in his life he became a patron of barber shops. Every morning found him in a new barber shop for a shave and a tonic.

"Tonic, sir?" the barber would ask.

"Yes," the executive would acquiesce in the voice and tone of an early Christian martyr. "Just give me a good tonic."

Morning after morning he staged the same performance and watched barber after barber reach over and take up some other brand of tonic beside his own. When he varied his program and asked pointedly for his own brand of tonic, he found the answer. In giving the other brands of tonics the barber reached for the bottle and shook the tonic on the victim's head with one hand while he rubbed the scalp with the other. With his own brand the barber did not do this—he could not because the shape of the bottle prevented. There was the answer! Other brands of tonic were bottled in bottles with a very long neck. The president had noticed this before in a casual way, but he never analyzed the motive behind the shape of the bottle. Tonic bottles are all made with long necks so the barber can wrap his fingers around the bottle. His own type of bottle had a short neck which prevented the barber from doing this.

The much-tonicked man climbed out of that chair, took the shortest and quickest route home, and when he reached the office he immediately got in touch with a bottle manufacturer and ordered tonic bottles with extra long necks. Salesmen, on their next trip, substituted these bottles for the old ones. After that repeat orders were common and the business grew and grew.

Within my own experience I recall a case where the president of a large factory took

a stroll through the shop that accomplished a seemingly impossible thing.

This happened in a large steel mill during the war. A munition factory had run wild, and a giant driving shaft was twisted out of shape and the plant forced to shut down. The shaft was hurried to the steel mill by express for straightening. Washington sent frenzied appeals to the steel mill to hurry, hurry, hurry. The Allies needed the munitions, and in a way the very destiny of nations hung on the speedy repair of that shaft.

Ten selected men were placed on the job. Before the shaft could be heated and straightened a heavy steel flange had to be removed. It was a devil of a job; the flange was rusted and shrunken on the shaft and it had to be removed without being injured in any manner. The job demanded this. The ten men had worked on it for twenty-four hours without rest. They had tried every scheme, it seemed. Blow torches were used on the flange to expand it and ice bags on the shaft to contract it. But still the flange stuck. The men were tired—dead tired. They were dirty, half-frozen or scorched, hungry and sleepy. From afar the production manager watched them slowing down. On his desk were the frantic wires from Washington—hurry, hurry, hurry! Something had to be done and done quickly!

He rushed in the president's office waving the telegrams and spilling words. "What can we do?" he wailed. "Let's go out and tell the men how important it is to get this job out; let's tell them what depends on their doing this—"

"Wait, Mr. Hopkins; let me handle this. You go back to your office."

The president was an old man—sometimes he was an old devil; sometimes he was an old saint. But his men liked and feared him. He was old in the lore of handling men. For a minute he stood there by the window, thinking the situation over. His head went up; a grin, at once cheerful and irritating, came on his face. He struck an unlighted cigar in his mouth, pulled his hat over his eyes and went out to the shop.

He felt sorry for the men as he approached them. One of them, he noticed, with a little stab of pain, staggered from pure fatigue. Another had an angry red welt across the back of his hand where he had been burned. In the faces of all of them he read fatigue and defeat. They were ready to quit, he knew, and when the foreman of the crew came toward him as he stood there beside the obdurate job, he knew the foreman was going to tell him that. He never gave him that chance.

His keen old eyes traveled over the gang standing there watching him—the old man. A sneer darkened his face. "Huh! Got you whipped, has it?" he said cuttingly and in a tone loud enough for the entire group to hear. Then he turned his back squarely on them and returned to his office.

That night his bedside phone rang at three o'clock. A voice came over the phone—a tired, husky and triumphant voice.

"Like hell it's got us whipped!" exclaimed the voice. "Got that damned flange off an hour ago and the shaft is all straightened now and the flange replaced."

Does it pay to get away from the desk? Ask thousands of executives today and they will tell you it does—*plus*.



# Is Consolidation the Answer?

By RICHARD WATERMAN

Chief, Railroad Bureau, Chamber of Commerce of the United States

THE Interstate Commerce Commission is now actively engaged in preparing an official plan for consolidating all of the railroads of the country—more than 1,000 separate corporations—into a limited number of strong competing systems, fifteen or twenty or perhaps an even smaller number.

At first glance this seems to be an almost impossible task. On the contrary, it is directly in line with the previous history of railroad development in the United States. In the first quarter of the nineteenth century

there were no railroads in this country. Freight and passengers were carried over the highways by horse-drawn vehicles or over navigable rivers and internal waterways, by canal boats, barges and small steam or sailing vessels. Then the first railroads were built—short lines each connecting nearby points within the boundary of a single state and constructed under a state charter. After a time these lines were extended toward one another and eventually joined at the ends, thus developing commerce between the states and bringing the interstate railroads that were developed under the jurisdiction of the federal authorities. But the Federal Government did not exercise its authority to regulate these railroads until 1887—one hundred years after the commerce clause of the Constitution was adopted. In that year Congress passed the act to regulate commerce and created the Interstate Commerce Commission.

Meantime many short lines had been built and from time to time were consolidated until systems were built up serving large areas and carrying freight through many different states. For example, the Baltimore & Ohio, which started as a short line entirely within the State of Maryland, has become a great system with lines in Maryland, Virginia, West Virginia, Kentucky, Ohio, Indiana, Illinois, Pennsylvania, Delaware and New Jersey, and the Atchison, Topeka & Santa Fe has extended, by a similar process, into nine different states.

In his pamphlet on "A Plan for Railroad Consolidation," John E. Oldham presents a very interesting table showing that a large part of the task of railroad consolidation has already been accomplished by a natural process under private ownership and operation. He points out that, although there are 250,000 miles of railroad in the United States, in the preparation of a plan for their consolidation the number of roads to be considered is not large; that prior to federal control 80 per cent of the mileage of the country was operated by 109 roads so related by stock ownership, lease or otherwise, as to constitute thirty systems; and that 88 per cent of the total revenue of all roads was obtained from traffic handled by these thirty systems.

Now that it is proposed under the provisions of the Transportation Act to adopt an official plan for the consolidation of all of these railroads into a limited number of systems, it is important for the business men of the country to inquire: How will these consolidations affect commerce and industry? Will they result in an increase or in a reduction of railroad rates? Will they improve railroad service? What can we do to help the Interstate Commerce Commission in developing a plan for consolida-

law on February 28, 1920, it contained a provision that "the Commission shall as soon as practicable prepare and adopt a plan for the consolidation of the railroad properties of the continental United States into a limited number of systems."

Under this provision the Commission designated Commissioner Henry C. Hall to outline a tentative plan for the approval of the Commission. Under his direction Prof. W. Z. Ripley, of Harvard University, prepared a report on "Consolidation of Railroads,"

which was submitted to the Commission on August 3, 1921, and was used as a basis for the Commission's tentative plan which is now under consideration at the consolidation hearings. This tentative plan provides for nineteen consolidated systems—seven in the eastern territory, five in the southeastern territory and seven west of Chicago and the Mississippi River.

The hearings on the Commission's tentative plan commenced in Washington on April 24, 1922, with a consideration of proposed plans for consolidating the railroads in the southeastern district and later were continued at Mobile, Ala.; Jackson-

ville, Fla.; Atlanta, Ga. and Columbia, S. C. At these hearings the witnesses included many of the leading executive officers of the railroads concerned and a few representatives of traffic organizations and commercial bodies directly interested in the maintenance of efficient transportation service in the southeastern territory.

Some of these witnesses supported the plans proposed by the commission and others opposed them, but in every instance the Commission required witnesses to confine their testimony to a statement of pertinent facts bearing on the proposed plans.

The hearings on System No. 14, Burlington-Northern Pacific, and System No. 15, Milwaukee-Great Northern, were held in Washington from November 17 to November 21, 1922. The list of witnesses included Walker D. Hines, counsel for the Great Northern; Louis W. Hill, chairman, and Ralph Budd, president of the Great Northern; Hale Holden, president of the Chicago, Burlington & Quincy; Howard Elliott, chairman of the Northern Pacific; Harry E. Byram, president, Chicago, Milwaukee & St. Paul, and other railroad officials. There were no witnesses representing commercial or public organizations.

The officials of the Hill roads all urged that instead of consolidating the Northern Pacific with the Burlington and the Great Northern with the St. Paul, as proposed in the tentative plan of the commission, the three Hill roads should be placed together in one system. The Northern Pacific and Great Northern have owned the Burlington jointly since 1901, and all of the witnesses agreed

**D**AME OPPORTUNITY frequently raps at the public's door, and is as frequently ignored. "Let her break down the door" or "call the police" seems too often to be the public's reaction.

The American public now has opportunity to make its case on the question of the railroads; to determine whether the solution is to come through consolidation or a policy of enforced separation, which, in the opinion of some experts, may lead to eventual government ownership. The question is before the Interstate Commerce Commission. Hearings are being held throughout the country. The approval of any plan for consolidation means that all subsequent arrangements must be in accordance with the plan. Now is the time for the public interest to take form and direction, before any plan has been approved and while representations may be effective in guiding the commission.

Mr. Waterman's article is, therefore, both timely and suggestive in pointing out the public's interest in the matter of railroad consolidation, and suggesting the possibilities of informative expression from that interest.

THE EDITOR.

tion that will be clearly in the public interest?

The vital interest of the public in consolidation was strongly emphasized by Carl R. Gray, president of the Union Pacific System, in a recent interview, in which he said: "This whole consolidation matter is of tremendous importance and it is certainly not alone of railroad interest. The whole railroad empire is to be dissected, diagnosed and allocated. Nothing more important or far reaching has ever been considered by the Interstate Commerce Commission in connection with the railroads. It is fundamental and certainly justifies more consideration from the public and from commercial organizations than it has heretofore received."

The members of the Chamber of Commerce of the United States, including 1,400 local chambers of commerce and national trade organizations, have already given some consideration to the question of railroad consolidation. In July, 1919, they adopted as a part of the program of railroad legislation approved by the Chamber as a basis for the Transportation Act the following:

"The Chamber of Commerce recommends that, while adhering to the principle of railroad competition in service, the railroads be allowed, in the public interest, when so declared and as approved by public authority, to consolidate to such extent and in such manner as may be necessary to enable the existing railroads to unite in a limited number of strong competing systems, so located that each of the principal traffic centers of the country shall, if possible, be served by more than one system."

When the Transportation Act became a



that these three roads are now so interdependent that it would be disastrous to them and subversive of the public interest to disrupt the present close relations. The witnesses filed elaborate exhibits in support of this contention.

When the hearings opened the railroad executives were under the impression that the commission's tentative plan was in the nature of a temporary order for the consolidation of certain railroads and that the hearings were held for the purpose of determining whether this order should or should not be made permanent. Commissioner Hall immediately made it clear that the tentative plan is only a suggestion and that the commission desires to secure from every available source additional suggestions and information that will aid in developing the best possible plan for consolidation.

The Interstate Commerce Commission has announced that hearings on the western consolidations will be resumed first in Washington on January 17, 1923, and later in a number of western cities, and has invited not only representatives of the railroads but also representatives of commercial and public organizations to appear and present their views. The dates and places of the western hearings have not yet been announced.

#### Will Make New Proposals

AT THE hearings thus far held the railroad executives have presented testimony relating only to the consolidations proposed by the Interstate Commerce Commission, but the western executives have agreed to submit at later hearings alternative suggestions for grouping all of the roads west of the Mississippi River in four consolidated systems instead of seven as proposed by the commission that will, in their opinion, realize more fully the purposes defined in the act.

The act provides that "competition shall be preserved as fully as possible" and that "wherever practicable the existing routes and channels of trade and commerce shall be maintained." These provisions are very important to each section of the country in protecting its commerce and industry and providing for its future development. It is natural, therefore, that public officials and industrial leaders in each section should make careful preparation for the hearings at which the commission will consider proposed consolidations of the railroads which serve them.

In New England, for example, the six states have united in appointing a committee to determine what plan will best protect the interests of New England. This committee has held hearings in various New England cities and has employed competent expert service with a view to assembling data that have a bearing on this problem and drawing conclusions that will in due time be presented to the commission. The railroad problem of this particular section is a peculiar one. New England may be regarded as a great railroad terminal to which the trunk lines deliver a large amount of fuel and raw materials and from which they receive manufactured products for distribution to other parts of the country. New England business men should help the commission to determine what shall be the relation of the New England railroads to the entire consolidation plan?

One of the plans now under consideration provides for four consolidated systems in the eastern territory: (1) The New York Central System, including the New York Central lines and their subsidiaries; (2) the Pennsylvania System, consisting chiefly of the Pennsylvania Railroad and its subsidiaries; (3) the Baltimore-Reading System; and

(4) the Erie System, including the Erie, Delaware & Hudson, Delaware, Lackawanna & Western and a number of other roads.

Several plans have been proposed for grouping the New England roads that will connect with these four systems. One provides for combining the New Haven Railroad with one of these systems, the Boston & Maine with another, and retaining the connection between the Boston & Albany and the New York Central lines. Another provides for combining all the New England roads in a single consolidated system that shall be owned jointly by the four consolidated systems which reach the New England gateways. A third proposes to form a single New England consolidation that shall be independent of any other system. By the time the commission is ready to consider proposed consolidations in the eastern district the New England committee will probably be prepared to make definite recommendations in support of whatever plan they believe will best serve New England.

The problem of consolidating railroads that serve the Pacific coast is also a peculiar one. The chambers of commerce and public organizations in that territory are already making active preparations to participate in the Pacific coast hearings. The Supreme Court recently ordered the separation of the Southern Pacific and Central Pacific railroads which have been operating as a single property for many years. If these roads are separated, the Southern Pacific will become the backbone of our consolidated system and the Central Pacific will probably be combined with the Union Pacific Railroad, which already reaches the Pacific Coast at both Portland and Los Angeles.

This plan is strongly opposed by the Southern Pacific and by many of the chambers of commerce and shipper's organizations in California and Oregon and is favored by the Union Pacific and chambers of commerce in those parts of the territory which believe that their interests would be better served by

the separation of the two roads. The state commissions of California and Nevada are urging that the two roads should continue to form one system, while the state commissions of Idaho and Wyoming are urging their separation.

#### The Problem on the Pacific

AT THE recent hearings on the petition of the Southern Pacific that it be allowed to retain control of the Central Pacific, President Stone and other officials of the train service brotherhoods have testified that it would seriously upset the labor situation on these roads if they were separated.

Railroad officials have testified at the hearings that the separation of the two Pacific roads would seriously disturb operating and financial conditions. During a period of fifty years the combined system has built extensions and terminals that have been financed sometimes by one road and sometimes by the other. In some cities the terminals used are all owned by the Southern Pacific and in others by the Central Pacific. Necessary links in the through line used by both roads have been built sometimes by one road and sometimes by the other. If the two roads are separated in order to form competing lines, these officials testified that it will be necessary to expend large sums of money in the construction of duplicate facilities that would otherwise be unnecessary.

Every section of the country has similar problems that complicate the consolidation plan in greater or less degree. The business men in these sections are vitally interested in the proper solution of these problems. It is, therefore, very important for commercial organizations and public bodies in all parts of the country to follow closely the consolidation hearings and to prepare, as New England and the Pacific coast are preparing, to make any contribution they can in order to build up a record on which the commission can base a plan for consolidations that will be in the public interest.

## Lessening the Supreme Court's Load

TO JUSTICE, as everyone will agree, speed and dispatch are essential. For this reason there seems to be need periodically for relief of the Supreme Court of the United States. Thirty years ago the cases coming before the court had so increased that legislation was enacted placing in the hands of the court itself the right to say whether or not it was in the public interest that it should hear cases of some classes which defeated litigants, after going through two lower federal courts, wished to appeal.

Since this legislation reduced the burden on the Supreme Court, in 1891, there has gradually developed a recurrence of the old trouble; the constantly widening field of federal legislation has multiplied cases of sorts which under the old legislation the litigants could in effect compel the Supreme Court to hear, even though the court could find in them no new question of law.

Income taxes and prohibition are merely two of a number of new questions that give rise to numerous cases. Legislation of 1916 somewhat increased the court's control over the cases coming before it, but did not bring them within manageable bounds. The result is that the ordinary case cannot be heard for fifteen months after it reaches the Supreme Court, and last year the court was not able to keep even with its docket, ending the year

about 20 per cent farther behind than in October, 1921.

The Supreme Court made three of its members a committee to suggest means for reducing the number of cases that reach the court's docket. This committee recommended that Congress further enlarge the court's power to prevent cases coming before it which do not raise important questions of law that have been undecided. Bills for this purpose are pending in Congress.

To the suggestion that such legislation confers too large a power upon the Supreme Court the Chief Justice told the American Bar Association at its last meeting: "If in two federal courts whose reason for being is to protect the rights of individuals against local prejudice in state courts, or against infraction of their federal constitutional rights, a complainant is defeated, surely it is not conferring undue power upon the Supreme Court, whose members are engaged daily and for years in the consideration of such questions and their final adjudication, to provide a preliminary investigation into their seriousness and importance before burdening the court and its docket with a lengthy and formal hearing. The public and other litigants have rights in respect of frivolous and unnecessary consumption of the time of the Supreme Court."



# British Labor's Part in Politics

By a Former Member of Parliament

THE BRITISH elections are over, and what has startled the world is not the defeat of Lloyd George nor the return to power of the Conservatives led by Bonar Law, but that the Labor Party, increased to 136 members, has actually supplanted the old Liberal Party as the official Opposition in the House of Commons. With news from Great Britain occupying so large a place in the American press, this is an event which must powerfully affect public opinion in the United States, especially among the wage-earners, and it is essential, therefore, that the situation across the water should be clearly understood. It may not be quite so alarming as it has appeared. But it has to be reckoned with.

At an election in Great Britain there are recorded, roughly, 15,000,000 votes. This year, these votes were divided almost equally between the Conservatives, Labor and the Liberals. The Conservative majority of 100 in the Commons, or thereabouts, thus represents a minority of the electors and is due solely to the fact that the majority was split between Liberalism and Labor. With the Conservatives enjoying the powerful support of the liquor trade it looks as if they would be strong enough, for some years to come, to prevent Labor forming a government, unless Labor makes terms with the Liberals.

Indeed something of this kind has already happened. Many Labor members, so-called, are Liberals who have sought and obtained the Labor coupon. Their argument is that, by thus entering the Labor Party, they make it national instead of sectional and prevent it falling under the control of extremists.

Many Labor members, including Ramsay MacDonald himself, the leader, are men of independent incomes; one or two are what

pathy helped the hot-heads especially in Glasgow, Liverpool and South Wales, to foment voluntary strikes, which culminated in the nation-wide paralysis of the railroads and the coal mines.

Direct action—that is, action independent of Parliament—was openly advocated and defeated. Whereas Lenin and Trotsky destroyed the Duma, in Britain the Duma survives and has absorbed the Bolsheviks. Experience has shown that Labor is safer inside the House of Commons than outside. Arguments, which sound well on the soap box, yield but a foolish echo when repeated in a chamber where they can be answered.

British Labor has indeed sent deputations to Russia and has discovered for itself the economic failure of Bolshevism and also the denial of civic liberty by the Soviets. There is no alliance between the Labor Party and international communism. There is no affiliation. But in the leadership of the Labor Party we do find a strong strain of pacificism.

The Labor Party wants a real League of Nations, disarmament, a greatly reduced scale of German reparations, a strict limit upon British commitments abroad, including the Near East, the early evacuation of Egypt, Palestine and Mesopotamia, and autonomy for India. Curiously enough, many of the Conservatives, although they are supposed to be imperialists, approve of these "Little England" sentiments, for they have learned to fear adventures abroad and the high taxes to which those adventures inevitably lead.

In domestic affairs, Labor is formidable because it voices grave discontents. In the United States, a slump in foreign trade can

be counteracted by internal expansion, but in Britain the country is overcrowded.

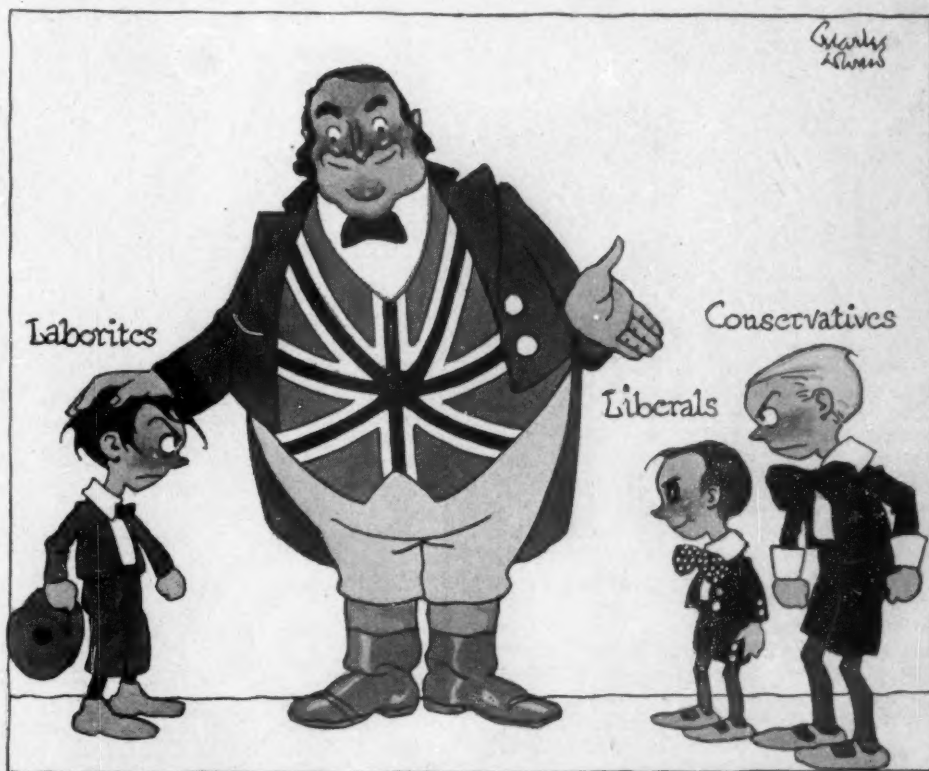
It is all very well for Bonar Law as Prime Minister to promise trade and tranquillity, but trade and tranquillity depend on Europe, and Europe is more restive today than Europe was when Lloyd George was in office. Labor has thus a fine chance to criticize. And criticism costs nothing.

The constructive policy of Labor, though challenging, belongs to the future. In a moment of indiscretion Arthur Henderson went so far as to attack private enterprise, for which little lapse he has suffered an electoral defeat, but the immediate proposals of his party are less drastic than such general application of Socialism. The first of these proposals is the nationalization of mines and railways. Britain, with her railways concentrated into what is virtually one system, and her telephones and telegraphs already nationalized, it would not be impossible to establish the public ownership of internal transport. But the case of mines presents serious difficulty.

The second proposal by Labor is a levy on capital. It is quite a mistake to imagine that this idea is only supported by the trade unions. Bankers themselves have flirted with it, and so has Bonar Law, the Conservative Prime Minister. If the proceeds of a levy on capital were used to repay the national debt and so reduce the income tax, there might be something to be said for it, but the fear is that such a capital levy, if imposed by Labor, would leave taxation as high as before on what capital remained. It is this misgiving that has led to strong opposition.

In Britain it would be simple for a levy on capital to be collected. Inheritance taxes or death duties are there an important source of revenue and private fortunes are thus constantly estimated. By assuming everyone dead on a given date—say June 30, 1923—death duties could be collected throughout the entire nation and this would be the levy on capital. Many people are, however, entirely skeptical over the business. They point out that income tax is used, in any case, to repay the public debt and that the levy on capital will be bound to reduce the incomes from which a permanent tax can be derived.

That the Labor Party has come to stay must be accepted as a certainty. But there is still a big difference between a Labor Party in Opposition and a Labor Party in Power.



THE NEW BOY LOOKS DANGEROUSLY BIG!

in Europe would be called wealthy. And the party includes intellectuals like Norman Angell and Sidney Webb. In the ancient universities of Oxford and Cambridge it has many young and enthusiastic devotees. And it is possible—some would say probable—that David Lloyd George, having been excluded from the ranks of the Conservatives, may seek to unite under his banner not only the Liberals but Labor. Some stranger things have happened. No party should be judged entirely by its program. For programs have always been one thing and performances another. In Great Britain, undoubtedly there has been among the workers a genuine sympathy with the Russian Revolution, due in the main to a dislike of the Czarism and all it meant. This sym-

## A Real but Uneven Improvement Now and a Prospect of Progress as We Enter 1923

By ARCHER WALL DOUGLAS

**YOU DO NOT** have to go far afield in the uncertain realm of barometrics and statistics to learn the true story of business conditions today, nor of their prospects, for they lie before us in the veracious chronicle of those who know whereof they speak and of the facts they present.

Manufacturing plants are everywhere busy, although hampered in deliveries by lack of cars, and sometimes by shortage of labor. The textile mills are filled with orders all along the Atlantic coast, from Georgia to Massachusetts; so

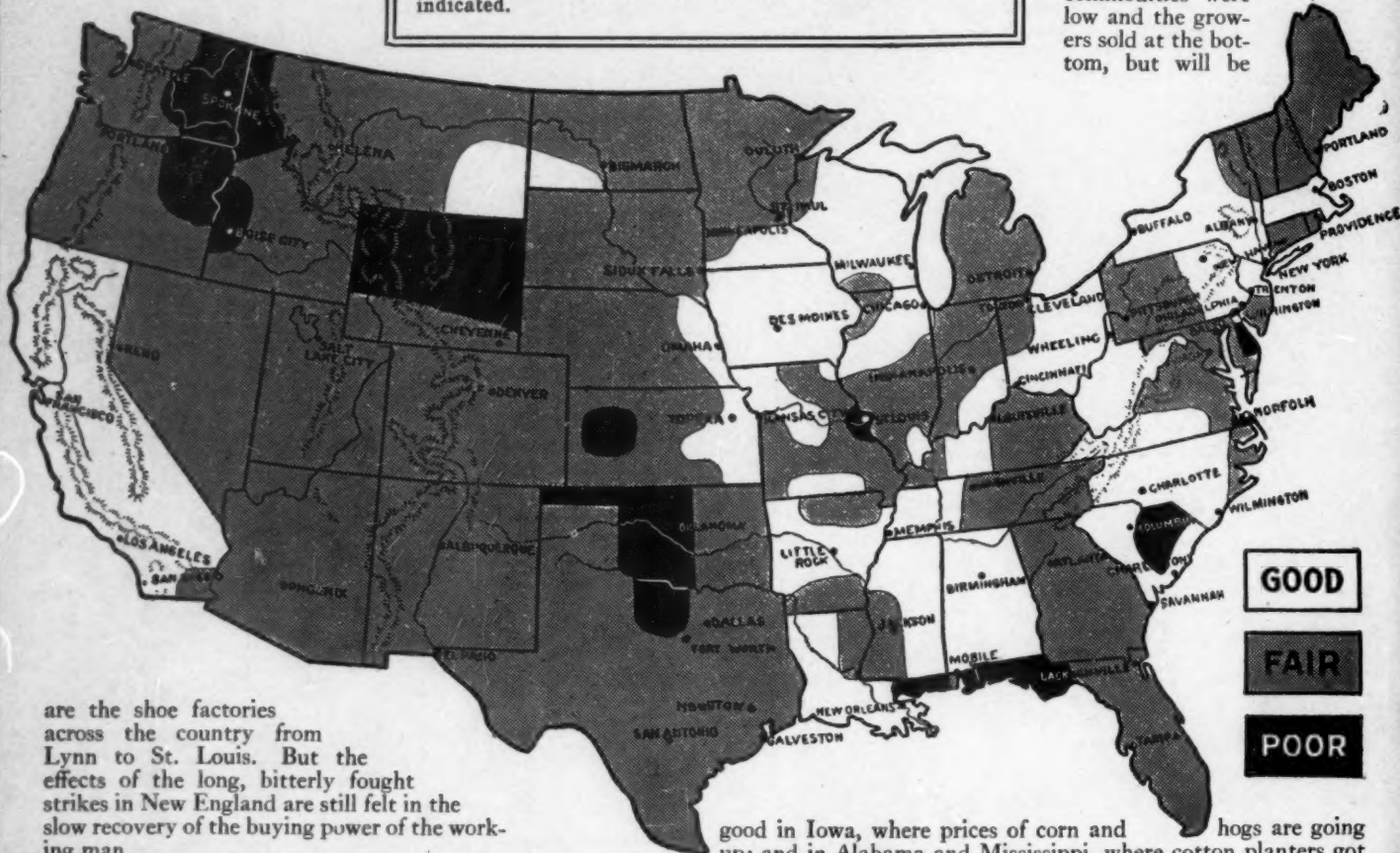
But it is far better off than at this time last year, and has yet to get rid of surplus stuff above ground in some lines, as in copper, before it can materially increase its production.

There is much building in progress and much more contemplated when spring opens but the heyday of building is approaching its end, as the cost of construction grows. Building in the countryside will be in proportion to the returns of the harvest in each section and each locality. It will be scanty in North Dakota, where prices of farm commodities were low and the growers sold at the bottom, but will be

### Business Conditions, December 15, 1922

**THE DOUGLAS MAP** shows at a glance the general conditions of the country. Light areas indicate good crops, industrial activity, and "high pressure" buying markets. In the black areas these conditions are lacking. The shaded areas are half way.

In studying the map it should always be borne in mind that only actual conditions are shown; prospects are not indicated.



are the shoe factories across the country from Lynn to St. Louis. But the effects of the long, bitterly fought strikes in New England are still felt in the slow recovery of the buying power of the working man.

Agricultural New England does not fare so well as the manufacturing centers, for apples and potatoes bring about one half as much as last year, and with no demand even at these ruinous figures. The same state of affairs prevails all the way down to little Delaware, where farm products were sold so cheap that the growers see no relief until the harvesting of another crop next season. Meanwhile there will be scant business in such sections as agricultural Maine and the Eastern shore of Maryland and Virginia.

The dairy business helps some, save in New York state, where the farmers put their money into the manufacture of dairy products and now wish they had not. In the great cities business is distinctly better because unemployment is down to normal proportions; there is much money in circulation, and it is being spent more freely as Christmas comes on.

The coal mines of the east seem on the whole to be busier than those of the west and this disproportion grows as you journey towards the setting sun. They, all alike, however, suffer from shortage of cars and in many cases from lack of demand, as the output of the last few months has about taken care of the previous deficit. Nowhere is mining fully employed, east or west, or north or south, no matter what it mines.

good in Iowa, where prices of corn and hogs are going up; and in Alabama and Mississippi, where cotton planters got twenty cents a pound for their product. There is much work to be done on the farm everywhere. Barns, dwelling houses, silos will be erected, but in many sections westwards from the Missouri river to the Cascades and the Sierras, these things will have to wait the coming of another crop.

From Pittsburgh throughout the central west to the crossing of the Mississippi the steel mills are well employed but buyers played a waiting game and were rewarded with somewhat lower figures. So the confident talk of rising prices in crude forms of steel and iron got the jolt that was coming to it, for the laws of supply and demand are back on their job.

One observer in the middle west sums up the situation after this fashion. "Talking advances now is like shaking a red flag in the face of a bull," and this is true alike of dealers and consumers, save in those instances where advances are justified. The chief incentive to buying is the knowledge that for a time it will be difficult to get goods because of the lack of transportation and the consequent inability of the manufacturers to make prompt deliveries.

Everywhere in the cotton belt the sustained high price of cotton wrought a wondrous change in the face of affairs. Portions of Georgia and Texas, for instance, which three months ago, saw no



future until another cotton crop was picked next fall, have settled most if not all of their obligations; they have new credit with banks and merchants and are buying farm supplies and some of the farm implements that they have long needed. There is new life and hope which is expressing itself in conservative buying of things needed and which feels that the worst is past and that the future holds something worth while, for those who are willing to labor and wait. As one observer in a fortunate and rejuvenated section puts it:

"People as a whole think business will be good and that's the main factor."

It is not all like that, for there are poor spots here and there in Georgia, in Texas, in South Carolina, in Oklahoma, where they did not raise much cotton nor much of anything else, and there is nothing ahead but a weary wait until another crop comes on. But these spots are not so numerous as where the condition coloring is fair or good. In the main the central south and the central west are in shape that varies from fair to good in all their industries, though agriculture does not anywhere stack up to the measure of prosperity of the other lines. The farmer knows this full well, and his own point of view is thus expressed:

#### The "If" to Prosperity

"If farm products can be sold at satisfactory prices and manufacturers stop raising prices, the coming year will be a record breaker."

This is a feeling to which every observer in the agricultural districts gives voice, and how true it is can be seen in the story of the different sections and their attitudes to the future. In much of Iowa and Northern Illinois, as examples, where prices of corn and hogs have advanced of late, the farmers are in a cheerful state of mind, are looking forward to a good year and are buying freely, while in portions of the two Dakotas, of Nebraska, of Colorado, of Idaho, where crops were poor, or if good cannot be sold at a price that covers the cost of production, there is only discouragement coupled with a determination to fight it out till another season offers opportunity to get out of debt.

In some western states, Idaho, Wyoming and Colorado, there are large crops of Irish potatoes for which the demand is so light because of the great yield throughout the country that it does not pay to dig them and they are left to rot in the ground.

One serious evil, the lack of railroad facilities, did more hurt to the farmers than almost any other cause. It prevented their marketing their products when they had opportunity and is the principal cause of temporary advances in the things the farmer buys. It is the direct result of the coal and shopmen's strike.

Another handicap on the farmer is the low price of livestock, particularly, cattle, which with high freight rates, renders it impossible for the farmer to sell cattle at other than a loss if he is some distance from the primary market.

So the record goes, of startling contrasts and contradictions, of much promise in some directions and of some discouragement in others, yet the prospect it opens up is one of sure though gradual improvement and progress towards better things.

There is scant foundation for a rather widespread belief that we are embarked upon an extended period of advancing prices. The principal reasons for that faith, the large amount of gold in the country, and the growing ease of credit, are mere secondary causes, which for their effect, must wait upon the

workings of the elemental laws of supply and demand. In every phase of industrial life, and likewise in agriculture, the possibilities of production are so far in excess of those of consumption that anything more than passing scarcity is not even a likelihood.

Propaganda about a probable shortage in some fabricated materials because of lack of labor need not be taken too seriously in view of the increased efficiency of labor, and the coming of winter when workers will drift in from the farms to the cities and industrial centers. Purchases of material and equipment by railroads in more liberal fashion than for some time past, will add to the general output and help to sustain prices in many lines. So will renewed building and construction when spring opens, while continued inability of transportation lines to handle promptly the tonnage committed to them will prolong the difficulty in getting goods and consequent temporary scarcity. Moreover the natural tendency of producers to take advantage of the situation will be a further factor in higher prices for the time being. These, and other minor contributing causes, will probably be potent enough to account for higher costs in some manufactured stuff for a period which is liable to run its course before the completion of another harvest, even if it persevere that long.

In some commodities, copper and rubber for example, the principal concern of the producers is to reduce an accumulated surplus rather than attempt to increase production to any great degree. So prophecies of coming prosperity, of an era of rising prices, are remarkable rather for their blindness to underlying fundamental facts than for the scientific prescience which is often accorded them.

You do not find such views prevalent among the hard-headed, common sense many who are in constant touch with the elemental difficulties of the situation, and who realize the stubborn resistance which the consumer offers to a problem of this nature.

Such a one knows full well that the course of prices is today an individual proposition, and that there is no common denominator of cause and effect such as prevailed during the heyday of the war, and in the consequent collapse. The reason for the price of cotton is entirely different from that which keeps up the price of hogs, or that which raises the price of wool.

#### The Dangers at Home and Abroad

**MOREOVER** no enduring prosperity can be built upon the shifting sands of the two fundamental factors of the economic situation; the chaotic state of Europe, and the disjointed conditions of the many elements which make up our business, political, and social life. Europe is in for a period of recovery and readjustment which is to be reckoned by years, and possibly be one or more generations.

While with us in the immediate present, there are better times in prospect; possibly the usual quietude of January and February, though not so dull as a year ago; an increasing volume of business in the spring; larger purchases of farm materials, of seasonal goods, of general merchandise; more building and construction, and a greater acreage of farm products, that last spring, followed by broadening tendencies in all lines of production and distribution with many constructive measures coming in vogue, and adding to the efficiency and economy of business in general. Then the usual halt until the story of the coming harvest assumes definite shape. All this, accompanied with few fluctuations in prices, seems the forecast of the next six months as they present themselves to me, with always

the reservation as to those unexpected happenings which upset all forecasts and confound all prophecies.

But this pleasant prospect does not solve the difficulties in the way of prosperity which we hope will sooner or later overtake us. Disposing of disagreeable problems by ignoring their existence is the formula that some economic philosophers are applying to the present. Advancing prices and better times they hold to be forerunners of still better times to follow, while they blindly ignore that, at present, such things make matters harder instead of better for the entire farming world, the foundation of our national welfare and being.

### Money To Be Saved in Waste Paper

By ROBERT F. SALADE

**THAT THE** economy of reworking waste paper is being realized to a greater extent as time advances is indicated by the fact that during the year 1922 United States paper mill interests spent more than \$50,000,000 for waste paper. This amount of money shows an increase of \$20,000,000 over the sum expended for waste paper during the previous year. Here is real progress, indeed.

This saving of \$50,000,000 means that money was actually picked up from waste bins, ash cans and from the gutters of public highways. Had this vast quantity of waste paper been burned or destroyed in other ways it would have meant the loss of the big sum of money mentioned. In truth, it would have meant a far greater loss than that, as it would have caused the further depletion of American forests, a loss which never could be regained.

Some idea of the damage that has been spared the American forests may be understood from the figures representing the consumption of waste paper by the United States paper mills during the year 1922. These figures are 1,963,000 tons, or 3,926,000,000 pounds! This waste paper was reconverted into various kinds of new paper and board. The old magazines were turned into book papers; the old newspapers and mixed papers were made over into pulp boards of the kinds used for the manufacture of paper boxes.

The time will doubtless come when every scrap of waste paper will be saved, and when it will repay the average householder, as well as the average business man, to save all waste paper. The present high cost of collection and transportation makes the prices paid for waste paper very low, and not interesting enough to the average householder to save old magazines and newspapers. Yet if the householders in the cities were to form an association for the saving of waste paper, and if arrangements were made with dealers for the regular collection of waste paper, the material could be disposed of with profits to all concerned. Business firms could also get together and follow the same plan.

This plan has already been adopted by the Typothetae of Philadelphia, an organization of employing printers who have formed a "Waste Paper Division," which embraces nearly 100 firms. The Waste Paper Division has made a contract with a large dealer of Philadelphia for the systematic collection of waste paper from the various printing establishments interested. The results of this system have proven gratifying, indeed. Within a comparatively short time more than 200 tons of waste paper have been collected and sold at good prices.



# The NATION'S BUSINESS

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MERLE THORPE, Editor

Washington



January, 1923

## The New Year

**P**ROSPERITY NEXT YEAR is apparently within the expectations of the Treasury Department. To be sure, the Secretary writes in his annual report about the need of caution and the necessity of avoidance of building on a false basis. Among the reasons he assigns for caution are scarcity of labor and rising wages; under-maintenance and inadequate equipment of railroads resulting in difficulties in transportation with consequent congestion in manufacture and trade and dislocation of prices as between farm prices and consumers' prices for agricultural products; accumulation here of 45 to 50 per cent of the world's gold supply with a consequent tendency toward inflation, and above all the uncertain state of Europe and disorder in foreign currencies causing such reduced buying power abroad as to destroy or endanger the foreign market for many of our commodities. "Reparations and indemnities and other inter-governmental debts," he says, "are still unsettled and are contributing their share to the derangement of markets and the disorganization of international trade."

When it comes to reckoning the receipts of the Treasury from the income tax on corporations, however, he puts them at \$375,000,000 on account of 1922 and at \$600,000,000 on account of 1923. So it looks as if, with pencil and paper, the Secretary obviously thinks that, whatever the obstacles, we are going to make some real progress in the year which begins on January 1.

## Swiss Will Have None of Capital Levy

**A** CAPITAL LEVY was recently before the Swiss people. The scheme had been drafted with exemptions which were calculated to attract large numbers of votes. The so-called social-democratic party, which sponsored the proposal, exempted fortunes of 80,000 francs for unmarried persons, 110,000 for married persons, and 10,000 more for each dependent child. Thus, the capital levy was to fall on half or less of the voters.

To help things along, strikes were called on the newspapers, that articles might not be published against the capital levy. Threats were freely made of a general strike if the proposal was not carried. Altogether, such a rumpus was set going that a large amount of capital left the country, gold went out of circulation, and business pretty nearly ceased.

Then the ballots were cast. When they were counted it was quickly discovered that some political calculations had gone wrong. There were seven votes against the scheme to every vote cast in its favor!

The plan was socialistic in purpose. The new revenue was not to be used to discharge a war debt but was to be devoted to social purposes, such as pensions for aged persons, and such. Besides, it had features which might have placed the government as a partner in every business in the country. For instance, officials could require that a person subject to the capital levy should pay his tax by delivering any security, chattel or other personal possession that he owned and that was fancied by the officials. He might have to transfer title in his best cow, in the mortgage note he held against a neighbor,

in a government bond, or in his savings account, in accordance with official taste.

In order that officials might be free to exercise their fancy without effort, all banks and other institutions, creditors, and everyone else knowing of personal property belonging to another person were to divulge complete and current information both to officials and to the public. Every time a school girl added a franc to her savings deposit the fact was to be duly proclaimed to the wondering world, and to waiting officials. The smallest detail in every person's affairs was to be made known to everybody else.

Perhaps that was too much even for those Swiss citizens who have the frailty of liking to have other folk pay all the taxes. At any rate, they voted so decisively at the polls that all the radical leaders set out to see that none of the threats was carried out. Besides, they may just have heard that the German government, not so long ago very eager for abolition of "bank secrecy," is now very much disconcerted over the results of achievement of this ideal. The results are apparent in lessened thrift. The slightest vestige of thrift is a golden virtue in Germany today. Awakening to this, the German government seems now quite as anxious to restore bank secrecy as it once was to overturn it.

## Lenin's Industries Wasting Away

**N**ATIONALIZING OF INDUSTRY has presented problems for which the Russian enthusiasts were not prepared. Between June and July the output of Russian woolen mills fell by 35 per cent, the output of leather by 20 to 40 per cent, and the output per leather worker by 12 to 14 per cent. This brings things pretty nearly to the vanishing point.

There is the same story for other industries, and it is expressed in figures which surpass even the darkest forecasts made by opponents of nationalization. The basic metal industry of Russia has come almost to a stop. In the first half of 1922 there were but fifteen blast furnaces in operation, as against 150 in 1913, and production stood at 5,500,000 pounds of pig iron as compared with 283,000,000 in 1913.

A writer in a Moscow journal speaks in terms of desperation. He apparently sees no alternative but for the state to meet all the costs of running nationalized industries. Otherwise, 250,000 workers will have to be thrown out of employment.

Perhaps they would not mind. Employment in Russia seems to have only psychological reward, or something else of an intangible kind. Wages are not always forthcoming, by any means. One of the metal trusts owes its workers for back wages an amount no less than four times its present annual income!

## A Little Authority Still a Dangerous Thing

**A** FEDERAL JUDGE has recently found that an agent employed by a federal reserve bank had set out to coerce a state bank to remit at par for checks received from the reserve bank, instead of deducting a remittance charge. According to the judge, the agent had employed every device from argument to coercion, slander of credit, and espionage to induce the bank to see the advantages of par remittance. When he was indicted for slandering credit, he turned over his duties to an estimable maiden lady who, taking checks she had received from the reserve bank for presentation over the counter, proceeded to the bank with a go-cart, a big pistol, and two dogs. The go-cart was made necessary, it seems, because the bank retaliated by unloading upon the good lady as much as ninety-four pounds of silver at a time. On other occasions it wadded the bills, to give her another variety of trouble.

To these proceedings the court put a stop by enjoining the reserve bank from collecting through an agent who presented



checks over the counter. Just how the court would have the reserve bank act it did not vouchsafe, nor did it give much enlightenment upon the principle of par remittance itself. Instead, it declared that, even if the merits of par remittance were conceded, it is one of the inalienable rights of a person, including a banker, to be unprogressive, selfish, and mean, and to be free from coercion to be otherwise.

### Charting the Course of Government

**F**OR THE first time in the history of the nation the President, because of the Budget and Accounting Act passed in June, 1921, was enabled recently to place before Congress and the nation a comprehensive and understandable financial program for the ensuing fiscal year. In financial history this was a dramatic moment.

The President in his annual message to Congress indicated what might be accomplished by departments with the specific sums allotted to each. It is set forth plainly that two-thirds of our national taxes go to pay fixed charges. Congress is frankly informed that enormous sums are spent by the Government for activities having no direct connection with the operation of the business of government because of federal appropriations for state aid; and the President indicates plainly the effect of such federal aid in increasing state, county and municipal taxes, because of extraneous activities flowing from national laws enacted in pursuance of popular demand.

The message is too plain to be misunderstood. Responsibilities are placed where they belong. The average American citizen could read the recommendations it contains in twenty minutes, and profitably think of them for the rest of the year.

For twelve years the National Chamber fought for a Budget Act, and anticipated the time when the Chief Executive would be in a position to give an adequate and constructive financial message. Those early hopes are being realized.

### Trade Commission Denied Powers of Search

**U**NLIMITED SEARCH in the affairs of corporations was again frowned upon in November. In October a federal court in New York held that the Federal Trade Commission could not, in the course of an investigation in which no offense was alleged, have access to the correspondence generally of tobacco companies. In November the federal court at Baltimore came to the same conclusion when the commission asked the court to compel grain companies to allow agents to inspect and copy records and correspondence relating to business in 1921.

The timeliness of the investigation the court conceded, but pointed out that the companies were engaged in private business. Ever since the Constitution was adopted, general warrants for search, such as the commission requested the court to issue, have been forbidden. There is no evidence that Congress had intended, in creating the commission, to clothe it with power such as it asked, and thus to raise a constitutional question of serious and far-reaching character. If the law really means, the court said,

"that whenever the commission thinks best to make an inquiry into the way in which some great department of business is carried on, it may send its employees into the office of every private corporation which does an interstate business in that line and empower them to go through the company's books, correspondence and other papers, I am satisfied it goes beyond any power that Congress can confer, in this way at least."

### Much Activity in Water-Power Projects

**M**ORE WATER-POWER development is under way now than in any previous period of our history, according to the Federal Water-Power Commission. The law under which the commission grants permits for development of water powers subject to federal jurisdiction would, therefore, seem to have

the effect which was intended. Over three hundred applications for the commission's permits have been filed.

In indirect attacks upon the law the commission sees much danger. These attacks take the form of proposals for special legislation regarding particular power-sites. If requests of this kind should be successful the commission sees as a result a gradual disintegration of the whole national water-power policy.

### League Studies Commercial Arbitration

**C**OMMERCIAL ARBITRATION is one of the subjects which are being studied by the Economic Committee of the League of Nations.

As for the power to enforce an agreement to arbitrate in a particular country, the committee has brought forward the proposal that a court in other countries should upon two conditions stay any legal proceedings one of the parties may undertake in disregard of his agreement to arbitrate. The first condition is that the other party, who will ask the stay, satisfies the court that he is ready and willing to do all things necessary to keep his arbitration agreement. The second is that the court is satisfied the law of the country which the parties have named will make the agreement effective.

On the question, which is much agitated in some quarters, about the arbitration award made in one country being enforceable in another, the committee is not yet ready to make recommendations, for it has found very great difficulties in the state of the law in different countries.

It appears, therefore, that the Economic Committee has been giving attention rather to the legal aspects of arbitration and the ways in which the processes of the courts may be used than to the voluntary arbitration which has been most in vogue in the United States, where arbitration and all its consequences depend upon the good faith of the participants and the value they place upon their good name in the business community.

### Another Slant on Government in Business

**N**O ONE APPEARS to have compared ship prices with pre-war figures, at least in the form of index figures which are in vogue for everything else. Computations of prices of agricultural products, metals, and other great categories are commonplaces in recent discussions of economic events, but there has been little attention given to the course of prices for ocean-going tonnage, such as our Shipping Board before it reached its present enlightenment held at prices around \$150 and \$175 a dead-weight ton.

Possibly, the reason lies in the circumstances that we collectively, as American citizens, "hold the bag." We are not accustomed to having individual interest when we have collective responsibility. Our personal concern is centered in our own particular barrel of corn, load of wheat, box of apples, bale of cotton, bar of copper, pig of iron, bolt of fabric, or car of lumber.

Whatever the explanation for lack of keen interest on the part of each of us in the market for a commodity of which we nationally have a great stock on hand, it is worth setting down that in the past year the Shipping Board has been able to realize only an average of \$27 a dead-weight ton for steel vessels, or \$39 a gross ton if the unit of measurement is expressed in the form which old salts know best. At present prices the 9,885,000 dead-weight tons of steel vessels the Shipping Board still has in stock are worth \$266,000,000. The cost was over two billion dollars.

In the face of such figures there are still some people who think that the government should remain in the ship-owning business. It is charitable to imagine they have not seen the figures.

# The Cooperative Tidal Wave

By O. M. KILE

**A**S THIS is written, delegates from co-operative organizations, representing annual sales of more than a billion dollars, are gathering at Washington for the first big get-together meeting of the co-operatives ever held in this country.

E. G. Dezell, manager of the California Fruit Growers' Exchange, will shake hands with Richard Pattee, manager of the New England Milk Producers' Association, and Carl Williams, president of the American Cotton Growers' Exchange, will swap ideas with E. H. Cunningham, president of the revived United States Grain Growers, Inc.

Bernard M. Baruch, Aaron Sapiro, Eugene Meyers, Judge Bingham and other prominent "Wall Street farmers" will be there, not to mention various other business men who are closely following cooperative developments.

The occasion serves again to call attention to the enormous importance of the cooperative movement not only to the farmer but to the business man and the consumer as well. Its sweep seems irresistible, and its far-reaching effects will touch nearly every business.

What will be the future of the cooperatives? Will they be permanent, or is this a passing wave of hysteria? Are all cooperatives essentially alike and equally solid and trustworthy? What are their peculiar strengths and weaknesses? What effect will the cooperative system have on our present distributive machinery? These are the questions that come to the mind today of every far-sighted business man.

## Cooperation, Two Ways

**W**HILE it is true that most of the newer farmers' cooperative organizations are built on the so-called "Sapiro plan," we must not forget that the California Fruit Growers' Exchange is the most notable example of successful producer cooperation of long standing in America, and that there are several very important differences between that organization and organizations of the Sapiro type.

It is, in fact, only during the last few years that organizations of the Sapiro type have been in operation. The California Prune and Apricot Growers' Association—some seven or eight years old—was one of the first of these, and it is too early yet to make any very definite statements as to the permanence of this plan when applied outside of California.

The California Fruit Growers' Exchange, on the other hand, has been in the game in one form or another for twenty-five years. In its earlier days it made about all the mistakes that could be made, but it corrected them one by one and now has a well-lubricated and smoothly running organization. Its ideas on cooperation among farmers ought to be worth noting.

Here is a highly significant statement made by G. Harold Powell, for ten years manager of the California Fruit Growers' Exchange, a year ago, just a few days before his death:

"There is no place in the farmer movement for miracles. I do not know of any formulas of cooperation; I do not know of any contracts that can be formed; I do not know of any shortcut ways, through which

you can bring about that basic internal spirit in men which makes them believe that working together is the wise way to work out their individual and mutual and industrial problems. That is a matter of growth; that is a matter of evolution; that is a matter of acquiring step by step out of abundance of experience. It cannot be done by any revival methods; it cannot be done by any short-cut methods.

"While your revival and short-cut methods and your great agitation may in the long run put the farmers' cooperative movement ahead—just as Los Angeles jumps ahead sometimes by over-booming in real estate—yet a lot of people must suffer by such methods. There is a tremendous swing-back to the pendulum."

Now the most outstanding difference between the Sapiro type of cooperatives and the older type, which we will refer to as the Powell type, lies in this very point of speed and method of organization.

The old method was to stir up interest among small local groups of neighbors. From these a local organization was formed. As their business grew and similar local organizations developed in nearby communities, these several groups would federate into county and later into district units. Finally, after perhaps another half-dozen years, a central association would be formed uniting all district groups handling that commodity.

This is called organization "from the bottom up" as distinguished from the Sapiro type which is organization "from the top down."

Sapiro plan advocates call theirs the "wholesale" method as contrasted with the older, slow-growing "retail" method.

Sapiro's favorite method is to hold a big booster meeting at which his own electric personality, his fine speaking presence and his extraordinary store of exact information and apt illustrations never fail to carry his hearers to the point of effecting an overhead organization. This organization then puts on an intensive membership campaign, and growers sign an "enforceable" contract to deliver to the association all their cotton, prunes or sweet potatoes, as the case may be, for a period of years—usually five to seven. The central and district organizations then get to work to handle the sale of the crop.

## Permanence, Powell's Hope

**T**HE contention of the Powell cooperatives is that growers cannot be quickly pulled together in this fashion and held permanently by iron-clad contracts. Both Mr. Sapiro and Mr. Powell agreed that a cooperative organization must produce tangible and substantial results in order to prove permanently successful. But Mr. Powell and a great many other agricultural leaders have asserted that something further is needed. There must be the local spirit of cooperation. As Mr. Powell put it:

"Unless a man enters an organization and is close to it, unless he has a direct personal investment so close to it that he feels it personally, unless he has a direct personal oversight and knowledge of the way in which the business is conducted, the farmer is likely to look upon an institution away from him as having been formed for him, not of him.

"I am a great believer that an organization must be formed from the social standpoint as well as the business standpoint. Any organization formed in that way is in contrast to the state-wide corporations which are being formed for farmer purposes and in which each man is a stockholder, but in which he has no local, vital, breathing contract. . . . The men who consider it purely from a business standpoint miss that spark within the individual which makes him a permanent cooperator."

"Yes," the Sapiro plan advocates reply, "we recognize the need for active local units and a well-informed membership, but we can develop those after we get the main works set up and the machinery running. And the big volume of business available from the start will enable us to operate more efficiently, return bigger benefits to our members and avoid all the years of heart-rending struggle that the smaller units have usually found it necessary to go through."

So there you have both views. There is, apparently, no real fundamental reason why the Sapiro type cooperatives cannot succeed permanently. The assertion is made that no Sapiro-built cooperative has ever failed. But, of course, it is still too soon to attach very much importance to that fact.

## Faults in Sapiro's Plan

**T**HE danger in the Sapiro type of cooperative organization probably is not that it cannot put life into the local units and make real permanent cooperatives of the local members, but that it will not. With all the alluring activities of the central organization to attract their attention and claim their efforts, it will be easy to neglect this less spectacular but highly important local educational work. And when any considerable number of local growers take it into their heads to violate their contracts, there isn't a great deal that the central association can do about it. Mr. Powell regarded the contract as only a sort of moral bond. He placed no dependence on it to hold membership; in fact, he had a cancellation clause permitting any member to pull out in August of any year.

In all our efforts to determine by analogous reasoning what the future of the cooperatives will be east of the Rocky Mountains, we must keep several peculiarities of the California conditions clearly in mind. California fruit and special crop growers simply had to cooperate. In no other way could they get a living income from their farms and orchards. The long distance to markets involved such big problems in selling, packing and shipping that it was practically necessary either to cooperate or to quit altogether. But despite this fact, most of the early groups split up once or twice and went through several reorganizations before they finally acquired not only sound cooperative methods but, what is quite as important, the true cooperative spirit.

It was these experiences, this forging of cooperative ties in the fires of adversity, that Mr. Powell was thinking about when he said he doubted whether large numbers of farmers could be quickly gathered together by revival methods, in an organization built from the top down, and held to-



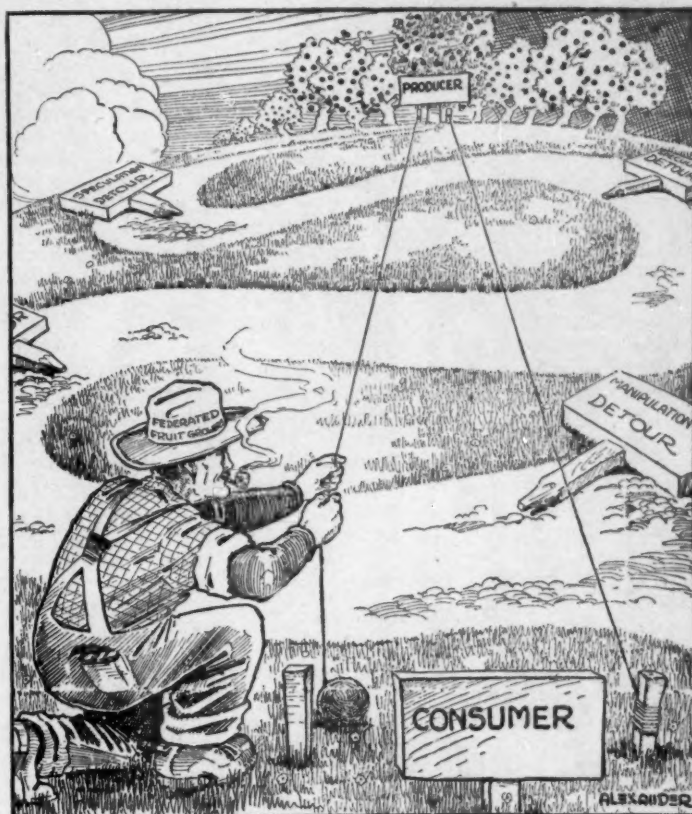
gether permanently by any system of contracts, even assuming a highly efficient management and material advantages to the membership.

When we attempt to apply cooperative marketing to such staples as corn and wheat in the mid-west, we find another factor differing materially from that which prevailed in the case of California fruits. The possible savings in marketing costs on grain are very small, probably only a few cents a bushel. Since on these products of which we have an exportable surplus there is hardly any opportunity to enhance prices, the question arises as to whether the savings turned back to the cooperators will be sufficient to hold the interest and loyalty of the local member. Three cents a bushel on 100,000,000 bushels makes a very sizable sum. But three cents a bushel on 1,000 or 2,000 bushels of wheat may not make a sufficient impression on the individual grower to act as a powerful factor in holding his membership.

In the case of corn and wheat there is no highly specialized packing or processing, no long-continued shipping period and no need for adherence to a highly advertised trade-mark—all important factors in holding the California fruit, nut and poultry producers in close association and strong dependence upon the cooperative organization. The milk producer has these problems, no matter where located, as also do the producers of such products as sweet potatoes, Irish potatoes, strawberries, truck crops and various other specialties grown in scattered sections throughout the United States. Even cotton has certain marketing features that make it more adaptable to cooperative handling than the staple grains.

All this does not mean that the newer cooperatives dealing in the staple crops cannot be permanently successful. Not that at all. It simply means that it will take harder

## Ammunition for the Coöps



This is a sample of the cartoons, simple but effective, which have been used by the hundreds of thousands to drive the principles of cooperation home.

work and more careful management than was necessary in the case of the California cooperatives. But to offset this the newer organizations have the advantage of the lessons learned from the mistakes of their predecessors.

As long as these organizations remain active and actually handle the growers' products, they are usually safe to deal with. Most of the Sapiro organizations take full title to the products handled, and this enables them to give warehouse receipts as security for money borrowed to advance to growers. Bank advances made on this basis

are usually considered very safe and the California banks have long ago accepted the business of the cooperatives as first class.

It is only when an organization attempts to force higher prices by withholding a large percentage of the goods from the market that it is on dangerous ground. And most of the older cooperatives have learned their lesson along that line.

With the momentum the cooperative movement has acquired, with fostering bodies like the Farm Bureau, the Grange and the Farmers' Union to work through, with recognition by the Government (in the Capper-Volstead Act) of the right of the farmer so to organize, and with the practical assistance of many of our most prominent business men and financiers, it seems certain that the next few years will see this system firmly established in most parts of the United States.

The leveler heads among the cooperative leaders have put aside all idea of "fighting" somebody. They look upon cooperation as merely a marketing machine of newer design, and if it is a good design it will gradually displace the older model. They appreciate that their cooperative groups must fit into the general scheme of the business community. To quote Powell again:

"The farmer cannot work out his problem alone—he is intimately tied up with the trade; he is intimately tied up with banking; he is intimately tied up with transportation; he must approach his problem in a spirit of working it out in cooperation with our present economic and social system; he cannot work it out alone. There is a cooperation that must be acquired on the part of the producing community not only among themselves, but in their relation to those with whom they transact business and the public at large."

It is time now for business and the cooperatives to cooperate.

# The Task Ahead for Building

By FRANKLIN D. ROOSEVELT

President, American Construction Council

**W**HAT ARE the great major industries upon which the wealth and the stability of the nation are founded?"

Put that question to the first ten laymen you meet. I venture the prediction that nine of the ten, in their answers, will omit the second greatest industry. They will include agriculture, manufacturing, transportation and communication, mining and lumber.

One of the greatest creators of permanent wealth, as well as one of the foundation stones upon which the industrial structure of our country is built, is the construction industry. It is second only to agriculture—viewed from the standpoint of the yearly volume of dollars and cents involved—and is really entitled to rank first when measured by the number of men who are dependent

upon the industry for a livelihood. Basing the figures upon a careful survey, it is, I believe, safe to say that the number of workers who, together with their families, depend upon the construction industry for a livelihood, totals more than eleven million persons, or about 10 per cent of the population of the United States.

There are times when even the Federal Government does not seem fully to appreciate the importance of the construction industry. When the Interstate Commerce Commission recently issued its ruling No. 23 allocating freight cars to the coal industry primarily with a view to the nation's warmth this winter, more than 3,000 protests were made. One of them was from the construction industry. Under the order, only 18,000 cars would have been available for the execution

of a construction program estimated to be \$15,000,000,000 in arrears; and it was shown to the commission that such a ruling would imperil the well-being of millions of workers and tend greatly to increase the army of unemployed during the winter months.

As a result of this protest the order was so amended as to allot 34,000 additional cars to construction activities. But even this total of 52,000 cars was only one-third the number actually required.

That was the first time in history that the number of cars needed by the construction industry ever had been computed. Yet the figures were vital in a great national crisis, and certainly it is reasonable to suppose that, in addition to the Interstate Commerce Commissioners, the men who manufacture transportation equipment are interested

in them, no less than thousands of others actually engaged in any of the numerous professions and businesses which go to make up the construction industry.

Not long ago a questionnaire was sent to twelve leading banks. One of the questions asked was what percentage of the credit funds for 1923 would be devoted to the construction industry. Not one of the bankers could answer the question, although bankers are an intelligent and alert lot of men. They had never thought of construction as an industry, as they had thought of agriculture or manufacturing. They had thought of it as an assemblage—a loose assemblage—of industries, a hodge-podge, not as a unit. And there was good reason for their thinking so. Its component parts were scattered, their work sometimes overlapped, and the industry as a whole was in a semi-chaotic condition.

The American Construction Council was formed to unify the industry, not only in public and official thought, but in its actual operation. It is to supply both a laboratory and a hospital service, and one of its first laboratory tasks will be the accumulation of data such as I have described. Its organization came as a result of a natural economic demand, and construction is the first great industry to take the step. The nearest approach to it is the effort to coordinate the principal factors in the motion-picture industry. The council will embrace not only architects, engineers, contractors, material and equipment manufacturers and dealers, bond, insurance and real estate interests, and the principal construction departments of public utilities, but officials of municipal, state and federal construction departments.

When the council was organized last June, Herbert Hoover, who presided, said:

"It is a step I have long looked for—advocated during the past year. We have made some attempts to secure solution, and I do believe that in bringing all the elements of the construction industry here to see whether or not joint action cannot be secured,

you are taking one of the most important steps ever taken in the history of this nation."

John M. Gries, chief of the Housing Division of Mr. Hoover's department, has said, in speaking of the lack of unity among the members of the industry:

"Now when they have begun to see more clearly that they all have many interests in common, that conditions favoring active construction favor all, and that a sound construction industry is of the highest public interest, the situation is improving. The giant has awakened. He now knows that his arms and his legs are a part of him. He knows that, no matter which member is injured, he suffers. With this awakening we will see great improvements in the industry."

These are inspiring utterances because they betoken official recognition of the important task the council has undertaken; and Mr. Gries, when he spoke of the fact that an injured arm or leg hurts the whole industry, touched upon the hospital service which must be part of the council's work. We may say, for instance, that one of the allied branches of the industry—it perhaps would be unfair to be more specific—is suffering just now from a broken leg. It has lost public confidence. Just after the World War, we will say, it was found guilty of practices which the council today would not tolerate. As a result of these practices, corporations, and individuals who were thinking of building hesitated or postponed their improvements until a later date. Naturally, the whole industry was made to suffer.

This particular branch of the industry that I am using as an illustration has tried home remedies. It has tried to mend its broken leg, but it was not successful. We are hopeful, however, that the hospital service supplied by the council may be more effective. The council can collect statistics covering the entire nation which the associations representing the allied branches of the industry cannot collect, because the council will serve merely in an advisory (and to some extent disciplinary) capacity. It will be just what

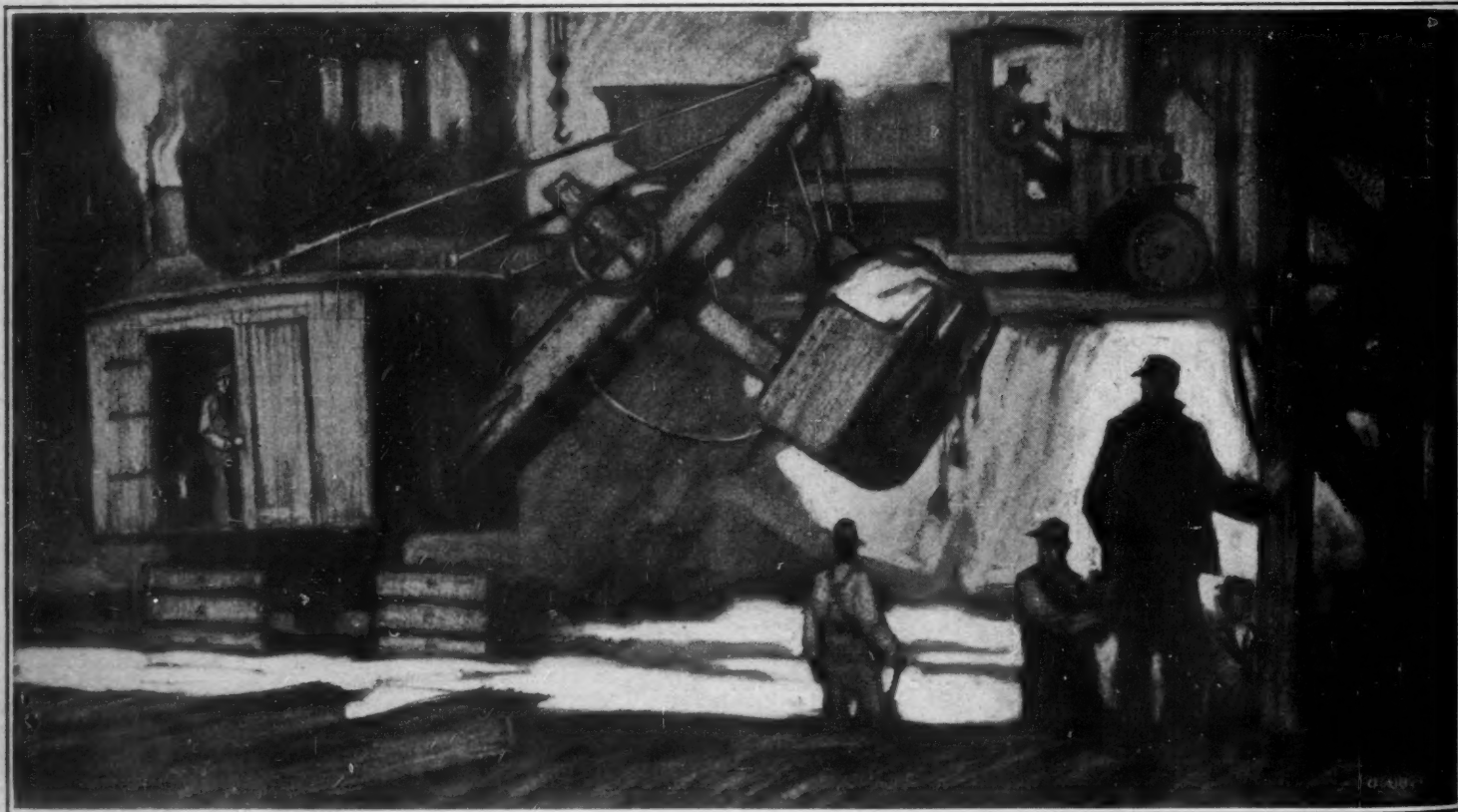
it is called—a council, not a new trade association. It can appoint a commission to make an impartial inquiry into conditions in the various branches of the industry or any one particular branch, and its report to the public will carry a weight which the protestations of reform of any particular unit of the industry cannot have.

In this connection it may not be amiss to call attention to a clause in the by-laws of the council:

The council shall not concern itself with problems that distinctively come within the province of a particular group except such as may be detrimental to the general welfare of the construction industry and the public.

If it be true that a law should be the natural outgrowth of the conscience of the community it affects, it is no less true that rules governing the conduct of the construction industry must well forth from the conscience of the whole membership, from the subcontractor to the most distinguished architect. It is only so that the code of ethics can be enforced, and one of our early duties will be the formulation of such a code. Another important step will be the establishment of an apprenticeship system, which will serve a two-fold purpose: It will tend to offset the national shortage of trained men in the allied branches in the industry, and at the same time to give the young men who enter the constructive industry crafts a pride in their work and a desire to have their sons follow in their footsteps.

This, after all, is the heart of the American Construction Council movement—that its ills shall be cured, its abuses eliminated, not by governmental and court action but by voluntary work of the industry itself. It is this that marks the movement as one of the big forward steps in American industrial organization. And it was just such a policy that Herbert Hoover undoubtedly had in mind when, in his very able address before the organization meeting of the council last June, he said, "You are taking one of the most important steps ever taken in the history





of this nation." Only recently, the Attorney General of the United States, in an authorized interview in *The Nation's Business*, said: "Business has a conscience; business as a whole is inherently honest."

Those affiliated with this movement are fully in accord with Mr. Daugherty in this respect, and it is our desire to translate into action what the Attorney General has put into words. It is our desire and our aim to bring together the many component parts which make up the industry and carefully to analyze their common problems looking toward a better understanding of them and towards a satisfactory solution of these problems. In other words, it is my desire and the desire of those responsible for the organization of this movement that the construction industry work out its own salvation. In doing this, of course, a tremendous amount of work naturally falls to the council. No phase of the interrelations between the industry's branches and its contact with the public is outside the scope of the council's activities.

When the public is once brought to realize that an industry, which embraces in its membership 250 national associations, stands as a unit back of a guarantee of integrity, efficiency and public service, the public will deal with the various branches of this industry with as much confidence as it now deals with the banks or other businesses that are conducted with certain well-defined codes of ethics, even though those codes may never have been formulated into words or actually reduced to writing.

I may indicate certain other pressing problems which confront the council briefly as follows:

A national study of building codes, with a view to a standard practice, not through a country-wide legislative campaign, but through recommendations to those engaged in the construction industry.

A stabilization of the construction industry to mitigate the evils of seasonal employment and labor migration. It is possible, for instance, to bring about a change from the present rental situation in large cities, where a majority of the tenants who are seeking

new locations move on the same day of the year, putting an immense burden upon the decorating and transfer workers, making their wages for the time being unduly high and their employment acutely seasonal, with a higher rental for the tenant. It would relieve this situation to arrange leases so that business houses and apartment houses would be vacated, for instance, at different times. The fixed moving date must also be taken into consideration in connection with house building. In awarding contracts owners must always take into consideration the renting season date. This often makes it necessary for contractors to work in double shifts, paying workmen bonuses to work during the night in order to complete such buildings in time for occupancy on the fixed moving date. These are but two illustrations of a large problem.

#### What Construction Needs

**A**REVISION of existing freight rates on construction materials. This, I take it, is likely to come somewhat later than the other changes I have referred to, although I do not regard it on that account as of less importance.

A standard system of cost accounting.

Water-power development.

Federal aid to states in highway construction.

A standard form of contracts.

I must not be understood as saying that the American Construction Council will undertake the settlement of all these questions at the outset. On the contrary, it will devote its attention at the first only to those three or four problems which are of pressing importance and which are of such a nature that we can begin work on them straightway. That is to say, we must have a certain agreement of opinion on them, and in regard to some of them an educational effort must be made before differences now apparent can be ironed out.

The tendency of unrelated or loosely related branches of the industry to go ahead in ignorance of what other branches were

doing, without a sense of cooperative responsibility and without due regard for the welfare of the public, must be overcome first if we are to win that public confidence which is essential to a full restoration of construction activity. The lack of mutual understanding and of respect for the owner's interest has been especially evident during the last few years, but I am confident that it can be cured. The industry fell back last year, but each of the 250 national associations involved is anxious to help meet the problems which extend beyond their special fields. Each is anxious to help the council eliminate duplication and waste. Of that I am confident. And of course a less wasteful, more efficient construction industry will mean lower building costs, lower rentals and, in the long run, a saving all along the line.

Although the council was organized last June, so as to have a machine ready for operation, it has only now begun functioning. It is too early to be more precise as to what is in immediate prospect, and too early to form a judgment as to what may be accomplished within, say, the next six months. I am certain that there is an immense usefulness ahead of the organization.

It is to be regretted that in certain quarters I have been described as occupying, in relation to the construction industry, the same autocratic power ascribed to Mr. Hays in the motion-picture industry and to Judge Landis in organized baseball. Beneficent as the activities of those gentlemen may be, and as I do not doubt that they are, their authority, if it is czar-like, far exceeds my own. I have accepted the presidency of the American Construction Council, and in that capacity expect to exert no greater power than the president of any other business organization. I am persuaded that the construction industry does not require a czar and would be ill-disposed to tolerate tyranny. It needs only an opportunity for cooperation and the machinery of what I have described as laboratory and hospital service. Now that these are provided, the industry and the public may well look hopefully into the face of the future.

# The Heyday of Propaganda

By ERNEST M. HOPKINS

*President of Dartmouth College*

**P**ROPAGANDA, though marked with the bar sinister, is not without its reason for pride in ancestry, nor without its respectability in associations. It is an illegitimate child in the Publicity family, born of Education as a mother and begotten by Special Interest as a father. Its half brothers are advertising and news.

Its newly acquired and blatant prominence raises unfortunate questions concerning its mother and imposes embarrassment and casts suspicion upon the respectability of the other children in the family. It is the most insidious influence in the world's affairs at the present time, disturbing to business, dangerous to international relations, and hostile to all that makes for social righteousness!

I sat recently in the office of a friend, a well-known man of business. He pointed to a pile of books and pamphlets on a side table and asked me to look them over. I did so. Their titles related them to various movements of greater or lesser consequence

and their outward semblance and inward arrangement indicated skilled and careful preparation.

"Do you know the qualifications of any of these authors to write upon these subjects?" my friend asked.

I did not.

"Do you know anything about any of the organizations or any of the individuals under whose auspices these publications are issued?" he continued.

I did not.

"Humph! Nobody does! More propaganda!" he said and swept the lot into a capacious waste basket.

The sidewalk was jammed with the crowd just coming out from the meeting wherein a colorful and eloquent citizen of France had made a stirring appeal for America's friendship. Its sincerity had seemed plain to many who had heard it. An acquaintance took my arm and with a speculative tone inquired, "Whose game is he playing?"

"His own, I should think," I replied.

"Oh, no! That is the one thing he is not doing," he answered. "Everybody knows it's high-grade and high-priced propaganda, but I can't make out whether it's for the political crowd or the banking interests."

In like manner, a few weeks earlier, I had been much patronized for greatly liking a book recording the impressions of a great English author who had lectured among us and had most delightfully written up his impressions concerning us.

"All propaganda!" said my informant. "He really doesn't think these things at all, but had to write that way because he was delegated to cultivate American friendship for England."

Such is the ban of this disturber of confidence. It not only disseminates and establishes error. It breeds cynicism and develops incredulity about truth.

Consideration of the subject of propaganda ought to be commended to any committee

investigating the subject of waste at the present time, and at no point is this truer than in the field of business. Propaganda wastes the time and mental acumen of innumerable committees and individuals responsible for devising it. It wastes the talents of many a group, capable of better things, in formulating and publishing it. It wastes the time of numberless people upon whom it is foisted. And finally, and perhaps worse, it impairs the value of much publicity that is meritorious and worthwhile, by the doubt which it inculcates in men's minds about the authority of bona fide material and the authenticity of the sources from which this has been derived.

As a matter of fact, propaganda ought to be held anathema as a deadly enemy by every newspaper or periodical which lives by the public confidence in the accuracy of its news-columns or by the support of its advertising pages, by every publicity house which is interested in maintaining the enlightened standards of its profession, and by every business or industry the vitamines of whose sales are dependent on public belief in the integrity of advertising. Reputation for honesty and truth is all essential to each of these, and if dishonesty and untruth are to be allowed to masquerade in the garments of veracity and to counterfeit legitimate publicity, the reputation of business is impugned by the discredit which falls upon its agent, and it will of necessity have to cease its intimacy of relations with the agent.

The word "propaganda" has not always carried the connotations with which it is burdened at the present time; and no longer ago than the war many a devoted citizen and scholarly gentleman was enlisted under its banner and worked with noble purpose and high ideals. Nevertheless these were not the predominating influence, and it was the war fever and its aftermath in the perverted efforts of the peace that did for this word, and left it an influence futile when not pernicious, distrusted when not despised!

There were the statesmanlike and scholarly campaigns of education designed, for instance, to separate the consciousness of the German people from the spirit of Prussianism inspired by their rulers, to cultivate the instinct of nationalism against the invader among the lesser states, to arouse the spirit of loyalty of subject races to self-expression as against the dictates of their conquerors. But also there were the faked photographs, showing not only things that never happened, but sometimes, by skillful reversing of the scene, showing the havoc wrought against the enemy by the wild impulses of one party as having been wrought against this party by the enemy. There were the counterfeit newspapers designed as morale breakers, distributed from the clouds over hostile forces or covertly introduced otherwise into their midst, with minute details of mythical victories of the one side and the colossal losses of the other. And there were the romances which were written by all the nations, for consumption at home and among their allies, of impossible ac-

complishments already achieved and of those about to become effective.

The multitude and fallibility of these latter kinds of effort completely submerged the integrity and intelligence of the former type. Likewise by the patent untrustworthiness of the methods of the one type of effort, which soon stood revealed, the effect of the trustworthiness of the other type was largely

finned by preconceived opinion or prejudice. It is not the conclusion which may emerge from the gathering of all possible data, which may be assembled as premises, which is desired. Truth is never discovered by the introduction into reasoning of anything false, or by the acceptance of anything which may be partially error, or by the elimination of any essential verity, but these are constantly utilized devices of propaganda.

Nothing is of sufficient prestige or respectability to be immune from the approach of those who have looked upon the power of propaganda's influence and have found it applicable to the causes for which they are special pleaders.

There lies before me a metropolitan paper in which violent attack is made by a reputable citizen on the work of able and conscientious writers in the field of history because, forsooth, they have not been sufficiently antagonistic to a cause he hates. Elsewhere, some more interested in emphasizing sectional hostilities than in enhancing a spirit of mutual respect and cooperation urge the rewriting of histories of the Civil War with the idea of establishing doubtful contentions as facts. Dictionaries are being attacked and movements are being put on foot to exclude standard authorities from public libraries because of definitions displeasing to

**D**R. HOPKINS stirred things up last fall when he suggested that too many men were going to college, that there should be some selection of those whose education would most benefit the community. At that time he had something also to say of the sinfulness of propaganda, and we have asked him to tell our readers just how he feels.

We might not go all the way with Dr. Hopkins, but his point of view is good to have. Perhaps what is needed is a definition of propaganda. The dictionary describes it as "effort directed systematically toward the gaining of support for an opinion or a course of action." Some of us unconsciously define it as boosting a thing which we think is wrong.

In a sense Dr. Hopkins owes his present place to propaganda, for when Eleazar Wheelock decided to move to New Hampshire his Indian school which became Dartmouth Colleges, he sent to England Sampson Occom, an educated Indian, in an "effort directed systematically toward gaining of support." In these slangy days, we might call the educated Indian a press agent stunt.

Moreover, the seal of Dr. Hopkins's college carries the motto: "The voice of one crying in the desert," and we are not sure that we cannot reverently call John the Baptist the greatest of propagandists.

Good or evil, necessary or waste, we are living in an age of propaganda, and there is no executive whose desk is not cluttered daily with efforts to convert him to any one of a hundred causes.

neutralized. And finally the whole significance of the word "propaganda" came to be that of deviousness, indirection, and deceit, in which sense, newer than the dictionaries, even, it continues to be used, and perhaps always will be.

My knowledge of the moral rights of expediency in time of war, regarding what shall be palmed off upon the enemy, is too intangible for me to discuss this intelligently. But I am very sure that the propaganda groups which were established for various purposes in connection with home affairs, many of which groups easily fell into policies of misrepresentation and falsehood, were no net gain. And I am more certain that the later insistence of these organizations that they should not be broken up after the war was harmful, especially since the disappearance of the war objectives of propaganda made it necessary to improvise new objectives to which to commit themselves. Thus we have been cursed up to the present days with unceasing agitation—much of it misdirected and useless and some of it iniquitous and harmful—during a period when, if by any chance a considerable part of this effort could have been directed into open-minded and unbiased search for knowledge of those things which are really so, incalculable good might have resulted.

Such a good, however, is not a possibility in a movement under sway of the spirit of propaganda, which has come to mean at best the spirit of deceit! The technique of propaganda is to start with the conclusion which it is desired to establish, and then to refuse to recognize the right of anything else to be considered. It is the premise, capable of offering support, which is sought in behalf of a conclusion, de-

racial groups. Colleges are under fire by theological groups of medieval cast of mind for teaching the advantage of scientific approach to the subject of religion over insistence upon accepting religious truth encased within a crust of man-made error. All about us we find the desire and the effort to repress thinking and to inject into the public mind some carefully prepared symbol rather than to permit or to encourage the minds of men to deal with truth itself.

Herein professionalism of point of view works harm because it tends to establish its own particular and specialized propaganda. Our race, our social position, our vocation, our theological denomination, our political party—these are but the avenues through which life is approached; they are not life itself! Hence, when any one of us attempts by artificial manipulation to warp life into the form and dimensions of his own especial interests, be it Sinn Fein, or the Four Hundred, or the field of formal education, or the Methodist church, or the Republican party, rather than to adapt the forms of these to life, he restricts his own horizons and he harms every relationship in society at large. Likewise, in the last analysis, he probably damages his own group more than he helps it, through the injury reflected from the harm to society as a whole.

It seems to me, as I view the world's affairs from the comparative isolation of the New England north-country's hills, that the greatest waste in human effort and man's potential constructive ability comes from those conflicts which are essentially *ex officio* among men of the same instincts, desires, and dispositions because of professional status.

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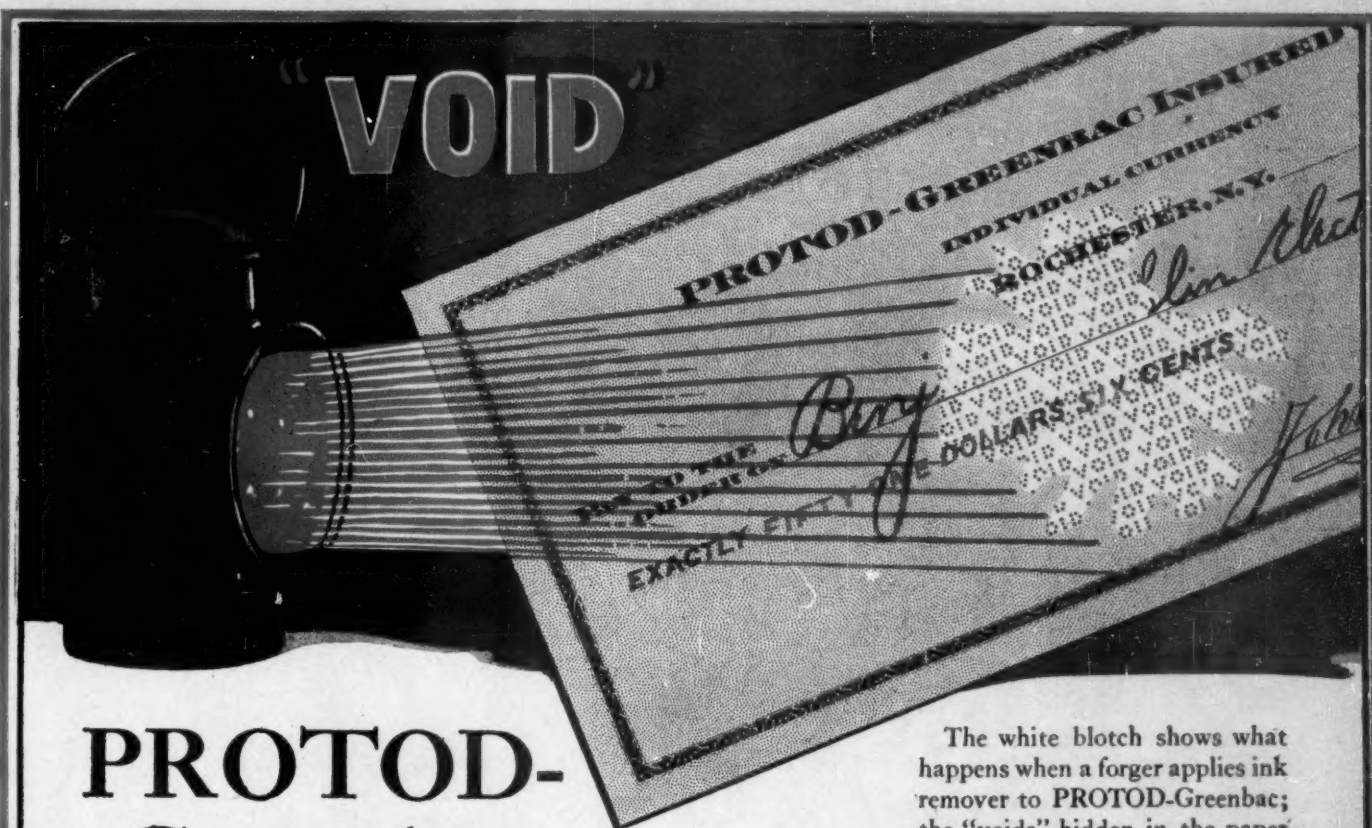
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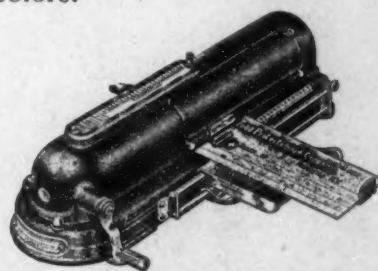
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Name.....  
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mon between the best minds in business management and the best minds in organized labor than there is, on the one hand, between the practical idealists of business and the shysters of trade, or than there is, on the other hand, between the enlightened leadership of the best labor unions and the vicious and cheap leadership of others.

And yet professional caste is so strong that it becomes almost a matter of course that the professional interests of either group will influence the best men of the group to associate themselves with and to support the efforts of their worse elements, even though the conflict be with the best elements in the other group.

So in political affairs, while recognizing the need of the party system, it remains plain that the propaganda for fixed party connection and for party solidarity delays the salvaging of our political welfare, because the intelligent and forward-looking citizens are about equally divided between the parties, as are the voters of opposite type. There is certainly far more community of spirit and unity of purpose between the like-minded groups of the Republican and the Democratic parties, respectively, than there is between the two wings within either party. Yet what happens! Energy and good intentions are consumed by the neutralizing effect of internal conflict and the question is never cleanly raised between such issues as conservatism and liberalism in any such way that is intelligible to the average voter. Thus, at the time we need it most, we continue to lack the most elementary data about the question upon which information is more essential than upon any other one thing, as bearing upon the course affairs shall take in this country of ours in the immediate future.

### The Perils of Labeling

I HAVE recently been discussing the subject of labels, as related to truth and propaganda, with men of our Dartmouth undergraduate body. I have tried to show that neither in business nor in other walks of life are we safe in ascribing characteristics according to labels, without investigation of their validity and without knowledge of the motives and the responsibility of those by whom the labels were affixed.

Unfortunately labels do not always accurately designate the goods. The buyer returning from Paris with a few Parisian hats, but with a quantity of Parisian labels to be affixed to creations of domestic manufacture, may do no great injury to the purchasers of his goods, but he certainly will never advance the science of honest merchandising. The duty-dodger who sits on the edge of his berth industriously tearing out from his clothes the firm name of his English tailors and replacing them with labels forehandedly provided, bearing the name of his home-town suitmaker, may not greatly damage society, but he definitely damages his own capacity to be useful to society when he perjures himself to the government inspector.

When we, however, somewhat less consciously, disregard the true labels to be affixed to men or causes and, without care in ascertaining the facts, tag them with labels which designate them to be what we wish them to be thought to be, we destroy the essential evidence as to their true characteristics and make accurate designation impossible, and thus make unobtainable all thought or action dependent upon accurate knowledge.

We have all seen the effects of this on

individuals. To the latent unpopularity of a clubmate, or it may be a popularity so great as to arouse envy, there is attached, through irresponsibility or malice, the whispered implication of some disapproved action. It is immediately assumed that he is not of our kind. It begins to seem that he might be of the kind that he is accused of being, and of a sudden all which has been suggested becomes accepted as fact. The label is affixed and the man it outlawed.

Or again, to the lurking fear that some new movement will disturb the existing order and thus create personal complications for us, is added the suggestion that certain individual crimes of violence, increasingly prevalent, had their origin and instigation within the disliked movement. Immediately there is almost inevitable disposition to assume these things to be fact. We detest and fear the type of crime and we dislike and distrust people who think thus unorthodoxly. What more reasonable than that the two are associated! And immediately, without mental effort and almost without consciousness, there is affixed to a group the label which signifies a condition which may or may not be true—but the group is damned with the crimes ascribed to it, by the suggestion of a label.

One of the reasons why the existence and the increasing influence of propaganda are not more shocking to our sense of fair play is that its method is so natural to all of us in the affairs of our daily lives and because we all fall so readily into the habit of substantiating our own contentions by its use. Many of us would experience great surprise if we were to take ourselves in hand and were to undertake with a truly honest purpose, to discover the sources and the authenticity of the opinions we hold. Heredity, early associations, social contacts and professional environment all play their large part. These are effective even before we get to the question of what we instinctively deem it desirable to believe, because of the advantage to the comfort or the satisfaction which we think would accrue to us, if all would hold in common this belief to which we have committed ourselves.

Herein we have a great obstacle to working out of the complications in which the world finds itself at the present time. That which we call life is at best only a working hypothesis, the constant correction of which

is necessary to progress. History teaches us that from the beginning of time progress has been made only when such study has been given and when such correction has been made as the best intelligence of the time could devise. Yet, at a period when the affairs of the world offer a problem not only of greater magnitude but also of greater complications than ever before, truth-seeking intelligence plays minor part. The human mind, wearied with the problems of the war and with the difficulties of the peace, is looking for simple solutions at a time when unfortunately troubles are so many and so acute that simple solutions will not be sufficient. A well-expressed formula for either standing pat or for revolution is easier to understand than a carefully constructed program of progress. So it happens that a dangerously large number of people are settling down to the acceptance of one of these two alternatives, one of which means stagnation, and the other of which means violence.

The reign of propaganda has not only bred suspicion and distrust but has also weakened the capacity of emotional response, through calling upon it so often in behalf of causes great and small, good and bad, important and unimportant.

The result is that in a world of chaotic conditions, charged with potentialities for trouble, we find indifference and inertia prevalent instead of the intelligent watchfulness and the inclination to constructive effort, through which alone improvement can come. The world needs hard, painstaking thought as never before on the part of individuals singly and collectively.

Some writers have sought to find a word which should indicate the whole content of meaning in the phrase, "the truth, the whole truth, and nothing but the truth," and it is the idea which would be in such a word that is most needed as the dominating factor in the thinking of men today. Nothing is more misleading than the implication of an isolated fact; nothing is less a verity than an incomplete truth; nothing is more false than the truth with something added to it! But these are among the most familiar manifestations of propaganda. Herein lies the fundamental objection to the use of propaganda in a world wherein restoration of health and strength cannot be expected until men are militantly consecrated as never before to knowing the truth and doing it!

## Taking the Shop to the Shopper

By FRED C. KELLY

THE PROPRIETORS of one of the biggest department stores in a middle western city are preparing to abandon their location in the heart of the downtown shopping district and move out two or three miles to a comparatively quiet section toward the outskirts. What could be more revolutionary or courageous in retail business than that?

Mind you, they are not, as often happens, merely following the crowd to a new retail section where more people will pass their doors. They are deliberately cutting loose from the busiest part of town where shoppers' footsteps are most numerous, and going to a place where there is now no business except a few little neighborhood shops.

Their idea is that all cities were laid out for the accommodation of a population that rides in street cars. Department stores were built on the same theory—that they must meet the convenience of a street-car-

riding population. Consequently the department stores grew where most street car lines converged.

Today in some cities perhaps as many people ride in automobiles as in street cars. It is an humble shopper who hasn't at least a Ford. This change has come in such few years that many do not yet recognize that there has been a change, nor what it means.

SINCE big store and office buildings were placed where the most people would be, the most people must now go where these buildings and establishments are. This has come to be a serious inconvenience.

A woman shopper sets out in her inexpensive automobile to buy a yard of pink calico and to look at the bargains mentioned in a page advertisement in the morning paper. She must drive about for three-quarters of an hour in search of a vacant parking space. When she does find such a space,





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These are some of the things we mean when we talk about Burroughs reliability. They help explain why Burroughs is the overwhelming choice of banks and business concerns everywhere.

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Stores can't live without customers, but too much traffic may be a danger. That's why, Mr. Kelly says, the experiment of a department store with ease of access and plenty of parking space is being tried

© Underwood & Underwood

within walking distance of the store, it is probably in such a congested area that a police sign warns her to park for "Thirty Minutes Only." She hopes to buy her yard of calico and return within the allotted time, but bargains are alluring and before she knows it she has been in the store nearly two hours. On returning to her auto, packages under her arm—the calico and two or three other items—she finds a card stuck in the throttle lever signed by the traffic policeman requesting her to call at the nearest police station and leave \$5 collateral to avoid appearance in police court.

**I** DON'T think I have exaggerated. So many shoppers prefer to go to a store by automobile that the nearby streets can't accommodate them all, and the search for a suitable parking space is both futile and exasperating.

Women who have automobiles will not, if they can avoid it, use the street cars, and they dislike to be ordered to police court for parking longer than thirty minutes. The alternative is to buy, whenever possible, at small neighborhood shops in the suburbs.

**THE HEADS** of the big department store referred to have noted this situation and have bought enough land to have ample parking space of their own alongside of their new store. Customers will be permitted to leave their cars here just as long as they wish, and there will be attendants to see that nothing in the cars is meddled with. Careful investigation has convinced the proprietors of the big store that they will gain far more trade from the host of shoppers who come by automobile than they will lose by being removed from the route of the downtown pedestrian who enters the store on the spur of the moment.

The fact is, the store by moving out toward the best residence section will be nearer to the majority of its customers than ever. It must be remembered that when the streets in the heart of a retail section are thronged with shoppers, nearly all these pedestrians had to get there by street car or automobile. They wouldn't have gone if there had been satisfactory stores nearer home.

**THIS** project would have been impossible ten or fifteen years ago when few people depended on automobiles and had to proceed toward one business center by a car line that followed a main artery of traffic. Today by automobile one may just as easily go across town from one suburb to another, without reference to the limitations of car lines, as to go to the center.

It is even conceivable that the city of the future may have the congestion of its streets considerably relieved by a breaking up and scattering of its business centers. I recall one city office building filled almost entirely with architects and others in the building trades. Their presence there draws clients whose automobiles, parked along the curb, add to the downtown congestion. Why should they be in the heart of the city? If you're thinking of building a house, wouldn't you just as soon call on an architect in the suburbs, or at least a few blocks away from the most crowded section? The same might be true of buildings devoted to lawyers. On the rare occasions that you need a lawyer it doesn't matter whether you have to go two blocks or ten to call on him.

**IF YOU** look over the list of stores and offices in a congested area, you find that most of them might, perhaps, get along just as well in other localities—the big stores

in one section, the real estate men in another place, the doctors or lawyers in still another. The one kind of retail business that *must* remain where the greatest possible number of footsteps pass the door is the small shop dealing in inexpensive articles such as cigars, candy or soda, that people buy on impulse.

**THE** greatest difficulty about one department store cutting loose from the retail section and setting out to establish a locality of its own is that shoppers like to go from one store to another and compare values. The more they look about, the more they buy, and this helps *all* the stores. One place may have better values in cloaks, while another has bargains in furniture or shoes. One of the biggest department stores in the Broadway and 34th Street section, in New York, is about to move to upper Fifth Avenue. I'm willing to wager that the heads of the department stores left in the old locality noted the move with regret. They appreciate that stores close together are bound to help one another. A drug store and a fruit store are of mutual benefit. So are a hat store and a shoe store. Moreover, many small stores could not exist except for being near a famous store. It is like the side show or lemonade stand near a big circus. People are attracted chiefly to the main tent but stop to spend their money at the lesser enterprises.

**TO OVERCOME** the disadvantage, then, of moving to less congested area, *all* the proprietors of big stores would have to get together and agree on a sort of segregated district where *all* might move. Then they could afford to control ample automobile space for shoppers while at the same time drawing the crowd to them by their combined or cumulative attraction.





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# Enlisting Business in Peace

By JOHN W. WEEKS

*Secretary of War*

AMERICA came out of the World War with one phase of her problem of national defense solved in principle. The man-power bogey is no more. We rest on the sure foundation of the selective draft.

But that is only half the battle—less than half, I believe. Given our soldiers, ready in their millions, how shall we feed and clothe and arm them without wrecking our industrial life or bringing needless suffering on the tens of millions at home?

Our war experience does not give us a direct answer. We rushed into the struggle rich in resources and energy and skill in manufacture, but densely ignorant as to how to make coordinated, effective use of our wealth. Is it strange that there were waste and confusion and dangerous delay, that we reckon the cold cost of our victory in a staggering total of billions?

To consolidate the experiences of the war, to prevent as far as possible the wastefulness which results from necessarily hasty preparation, and to make the best use of our experience, Congress has sought to provide, in the National Defense Act of 1920, the broad foundation of authority on which a solution of the material preparedness problem could be reached. It said that in time of war or when war threatened, the President could place munitions orders as obligatory contracts or could even take over munition plants if necessary. And it further authorized the creation of a non-partisan "Board of Mobilization of Industries Essential to Military Preparedness."

But beyond that general authority Congress could not well go until the industrial mobilization ground had been thoroughly explored in peace times and in the light of war lessons. It could not well attempt to write of this vast subject as it has done in the same act with respect to man-power, the intimate detail of organization, training, officering and all the kindred matters that go with man-power mobilization plans.

So the act broadly outlined the industrial mobilization task, granted authority against an emergency need, and then singled out the Assistant Secretary of War as the man to make the exploration of the whole industrial problem of preparedness and to make out a sure course to national security through workable plans for using our great resources if war should come.

The man to whom the supervision of this task for the Army has fallen is Col. J. Mayhew Wainwright, our present Assistant Secretary of War. It is to Colonel Wainwright's utter devotion to his task and the devotion of his able staff of army officers that we as a nation owe the hopeful outlook toward solution of that problem, I am able to report today.

For hopeful beginnings have been made.

We dare not think of them except in terms of hope. But in the loyal cooperation that American business everywhere gave in the war, working shoulder to shoulder with the men at the front and which alone made possible the victory, there is promise that our hopes in time can and will be realized.

Colonel Wainwright began his work at

front six months sooner. It is merely incidental that twice already we have had need as a nation of the knowledge Colonel Wainwright and his officers have acquired. It was through them that the War Department was able to furnish its share of the data on American industries such as coal, steel, automobiles, rubber, lumber, and many others, to support America's position in the Conference on Limitation of Armaments.

In the grouping of the commodity lists in these studies, it quickly became evident that our major problem was in dealing with the things that are necessary in war for aviation and for ordnance. For in providing the Army with guns, and with shell, and with airplanes, we are undertaking a task of creating new industries, of providing knowledge of the science of manufacture, of first making the tools with which to make weapons.

That is what we did in the great war. The gun plants we built then are idle now and crumbling with decay. A year hence they might be restored. But what will be our situation after fifteen years, say, of peace? I question very much whether we may not be compelled to plan for preserving some of these war-time plants in order that we may not find ourselves again where we stood in 1917.

Then, too, there is the question of the knowledge how to make the things we must have in war. Already our war-time munition makers are scattered at other work in peaceful pursuits. The knowledge of munition manufacture is being forced back into the narrow compass of government arsenals and the few factories that produce the small arms of peace-time use. It seems certain

that we must overcome the false economy that bids us seek always the lowest price for the yearly flow of munitions needed in peace times by the Army and Navy; that we must accept in the name of national preparedness the greater cost of farming out these contracts to the producing industry of the nation as "educational orders," that we may have skilled hands and perfected machines ready in sufficient number to begin, at least, our war manufacturing.

Does even the business world realize that, if again we faced a national crisis such as that of 1917, initial orders for ordnance material alone would bulk into billions of dollars? Does the nation know that, starting even with our war built facilities at hand, but with reserve stocks at our 1917 level, it would take us a year and a half to create the supply of cannon an army of 1,000,000 men would need, to say nothing of 5,000,000? A full year must elapse before any great army we might raise could be regarded as even averagely well supplied with fighting equipment?

Paralleling the work of Colonel Wain-

**DO YOU** make blankets, or wagon wheels, or brass goods? If you do, this article is aimed at you, for it's the first complete account by the highest possible authority of what the War Department is doing to profit by the lessons of 1917—to get industry in line for whatever may happen.

It's not a story of the next war; there's no assumption that there will be a next war. It's an account of what is going on now, first to insure a supply of ordnance and airplanes, then to arrange for a flow of the soldier's food and clothing.

War is like no other thing. No one counts the cost or questions the waste. Two million men at home may get along with two million overcoats and wear each overcoat three years, but two million men at war need eight million and need them at once: a coat on a soldier's back, a coat in reserve in France, a coat in transit, and a coat in reserve over here. That was the rule in war, when an overcoat lasted three months.

Blankets for 4,000,000 soldiers for a year are not the blankets of 4,000,000 civilians for a year, but the blankets of 100,000,000 civilians for two and a fourth years.

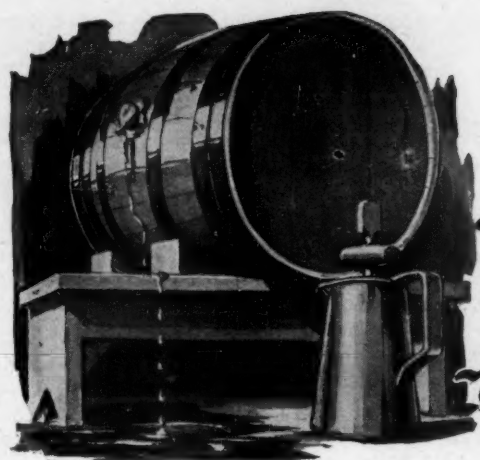
We may safely say that the next war, which we pray will never come, will cost more than the last one, as the last one cost more than any that had ever gone before. The direct costs of our last war would have carried on the Revolution for more than one thousand years.

That's why the War Department is carrying on the vastly important work which Secretary Weeks here outlines.

the grass roots. Among the small group of seasoned officers he gathered about him were distributed instructions for studies and investigations that would first of all reveal just where we stood as a nation in resources of those materials that modern warfare demands. It is a probing search for facts carried through every phase of industrial production from the crude ore in the mine to the finished product on the shelf. It deals with every aid invention and science has brought to supplement the fighting spirit of a man in war. It is sifting the need for each commodity; it is measuring the known supply of each raw material against its war-time uses, and it is mapping out a groundwork of knowledge we have never before possessed upon which to rear a structure of industrial readiness.

Had this information, well digested and properly analyzed, been available in 1917, our war preparations would have moved through charted waters. And had it been backed by such plans for its future use as are now taking shape, we would have been able to make our fighting strength effective at the





## "The Saving at the Spigot and the Waste at the Bung"

*The manufacturer who buys shipping boxes upon "price" alone invariably pays the biggest premium.*

**T**OO often, low price is the paramount factor in the selection of the shipping box. Those greater costs that pile up later, in damaged shipments and broken goods, are seldom reckoned—or if reckoned they are passed over as expense that cannot be helped.

Do not be blinded to the "big leak" when buying your boxes. Let their protective quality, their fitness to carry and safeguard your goods, rather than their low price, be the primary consideration. With the **RIGHT** type of box, transit losses are eliminated and the initial cost of the box is your last and only expense.

Built always to a strength equal to the task they are to perform, H & D Boxes are at once the practical and economical shipping containers for thousands of divers products. Breakage and damage losses are reduced, by their use, to an absolute minimum. They are lightweight for freight saving; they are received "knocked down" for space-saving storage; they are instantly assembled for packing; they are easily filled and sealed. Mail the coupon for the story of these **BETTER BOXES** and the full details of our free box design service.

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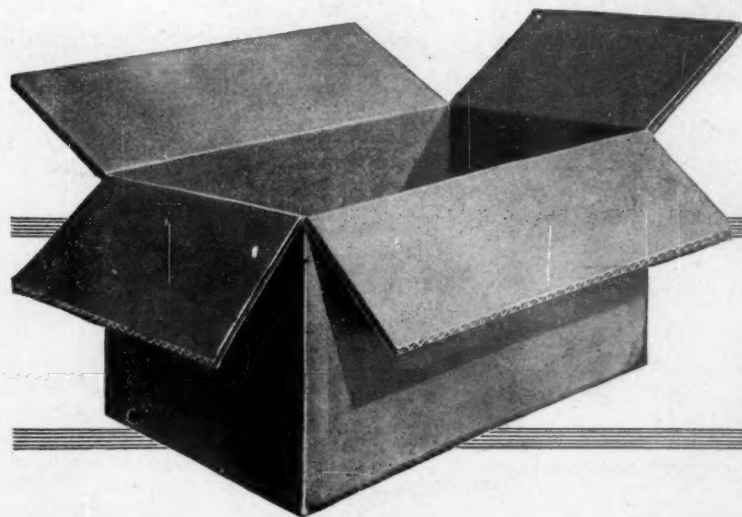
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We ship (name products).....



wright's office has gone the development of war plans under the direct command of General Pershing. And so far as it is humanly possible, the two elements of war, man-power and material, the man and the machine, have been planned for side by side. Today certain definite programs for use in any emergency requiring mobilization of an army of considerably less than our full national strength have been developed and the requirements of that army studied out in advance, the sources of supply determined, and the obstacles to be expected at least defined. It is a great step forward, but only a step. Beyond that lies a path for equally careful preparation against a greater emergency, a war that would tax us to the utmost in man-power and resources.

We are moving out on that larger pathway, moving cautiously but, we hope, surely. There are being established between the War Department and American industrial life everywhere points of contact that should bring the American people into this business of making ready in peace for the task that the American people alone can accomplish in war. Colonel Wainwright is reaching out over the country to gauge and measure the existing manufacturing capacity and to appraise the war load each section is able to bear. Ordnance districts have been demarked and in each a civilian leader, a man high in the business life of his community, in touch with the instant situation of industry around him day by day, has volunteered his services as district chief. Through him it is hoped that immediate and close contact can be maintained continuously with all the industrial phases and resources of each district. And through these men also a beginning is made toward that one certainty of success—civilian control of war-time industrial mobilization as there will be again beyond question civilian control of the selection of our young men who are to fight.

I have

spoken first of our ordnance problem because it is here we have been able to make the most headway thus far. The ordnance districts, marked out in relation to the peace-time industrial establishment available in each district for ordnance production, are thirteen in number and are known, respectively, as the Baltimore, Boston, Bridgeport, Chicago, Cincinnati, Cleveland, Detroit, New York, Philadelphia, Pittsburgh, Rochester, San Francisco, and St. Louis districts. To each civilian district chief has been assigned a regular army ordnance officer as executive assistant and, in addition, there are some thousands of reserve ordnance officers scattered through the districts and through whom we hope to maintain close contact with individual manufacturers and their work.

The district chiefs so far appointed are as follows, the military titles where used indicating a reserve commission: Col. C. H. Tenney, at Boston; Col. B. A. Franklin, at Bridgeport; E. A. Russell, at Chicago; C. L. Harrison, at Cincinnati; Col. Bascom Little at Cleveland; Fred J. Robinson, at Detroit; Col. John Ross Delafield, at New York; J. C. Jones, at Philadelphia; R. M. Dravo, at Pittsburgh; and M. E. Singleton, at St. Louis.

These men will have the war-time job of procuring 90 per cent of ordnance material, as government arsenals can produce at most but 10 per cent. Through the district chiefs, ordnance requirements in any district will be known in advance as the tables of what

would be needed are prepared and worked over from year to year. By this means tentative allocation of ordnance orders over the country may be kept adjusted to industrial changes within the districts and tentative assignments of manufacturing plants to the specific kind of work they would be best fitted to do in war can be agreed upon.

If it then becomes possible to place among such plants from year to year small "educational orders" to fill the Army's peace-time needs, it is evident that we will have established a system and a personnel that is a far step in advance of anything the nation has heretofore known in the way of readiness to defend ourselves, in case of need.

It is to be noted, I think, that this entire project rests upon the patriotic willingness of civilians, be they reserve officers or not, who have volunteered to undertake this work. I think it well to emphasize again that the plans we have formulated look to the development under the Assistant Secretary of War of what we might term a Civilian Industrial General Staff to be charged in war with the coordinate function of munitions procurement as the General Staff of the Army is charged with the duty of employing the selected man-power and the mobilized material for combat purposes.

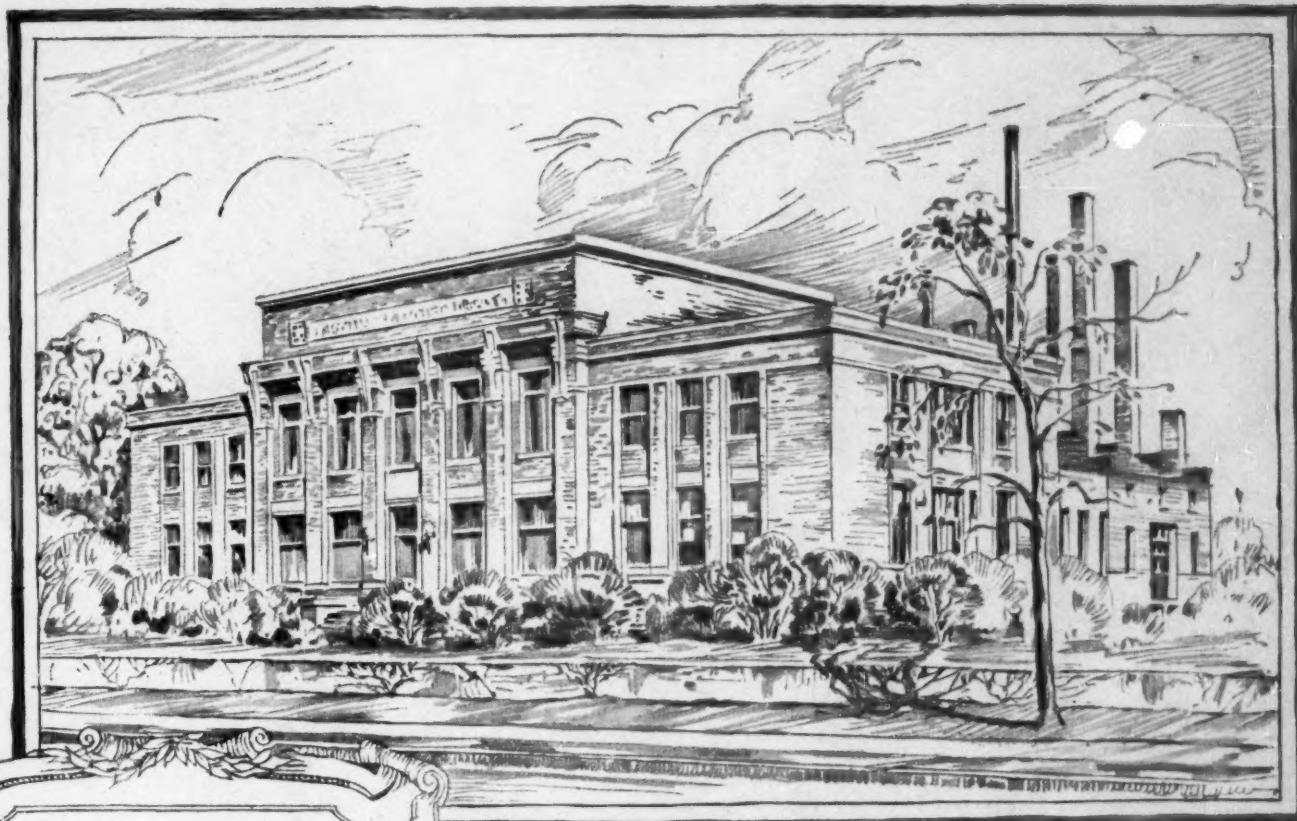
There is one great problem we faced during the war, which in any future crisis will be more easy of solution. That is the amount of new facilities necessary to create. The mass of information we are now as-



Shoes—mountains of them—and a new pair every fifty days. That's what war meant and will mean to just one industry. More than 30,000,000 pairs went to the army in the first

thirteen months of the war. To supply them means not merely diverting a normal flow into new channels, but calls for tremendously increased production at a difficult time





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AMERICAN RADIATOR COMPANY  
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The largest laboratory in the world devoted exclusively to the problems of better warmth.

From a Drawing by CARL HECK

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## "What are these chimneys in my life?"—you ask

A CURIOUS collection of chimneys, isn't it? Some big, some little, some tall, some short.

But because of them your architect feels perfect confidence when he writes "AMERICAN Radiators" or "IDEAL Boiler" into the specifications for your home.

He knows that every new boiler designed by the American Radiator Company is tested by being connected with these chimneys before quantity production begins. By these tests, with varying types of chimneys, the engineers of the

Company can certify in advance precisely how much warmth a boiler will develop under varying conditions from a given amount of coal.

Naturally your architect likes to specify a boiler and radiators whose performances are definitely known, even though the initial cost may be a trifle more. And you will do wisely to accept his counsel—together with his assurance, and ours, that the trifle more you pay at the start will be returned to you again and again in the fuel saved.

May we send you a useful little book entitled "Better Warmth and Better Health"? It contains ten definite suggestions for saving coal that are applicable to your home, no matter how it may be heated; and other information that makes it well worth sending for. Your request mailed to either address below will bring a copy at once.

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*IDEAL Boilers and AMERICAN Radiators for every heating need*

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Here's one side of the problem of industrial preparedness as the shoe heap on an earlier page shows the other side. There's mighty little peace-time use for caissons, but

we must know the how and the where of making them. That's one of the problems that faces the War Department, and the Secretary of War here tells how they are being made

sembling with relation to every commodity we would need in war is being sifted and analyzed from every aspect and with relation to every element concerned in manufacturing production.

I have said before that it was a part of the plan to refresh our analyses as to commodity conditions annually—to keep our studies constantly up to date. That annual review, to be conducted in relation to the review of war plans as furnished by the General Staff, has been provided for, but it has occurred to some of those at work on this problem that there is the possibility of creating through the civilian district chiefs and the reserve officers scattered throughout American industry, an even swifter means of discovering almost day by day the existing and probable future situation as to each industrial commodity.

What is meant here is virtually a human index to industry. The pages of this index would be the minds of men filled with the information that is at their finger tips day by day and assessed by the judgment that has made these men valuable in industry, each in his own niche.

It is hard to draw a perfect illustration, yet easy to realize that in the army of more than 70,000 reserve officers in the country, Government has at its disposal a corps of trained specialists in almost any commodity line you care to select. It seems possible that a system might arise relatively without cost, save in the patriotic services required, which would make every fact regarding, for instance, the mining and the milling and the fabrication of steel and its transportation through any stage of the journey almost instantly available at the nation's need.

I have dwelt on the ordnance situation both because it is one of the two great problems and, as I have said, because of the

progress we have made there. But aviation is an even greater problem, for it has many aspects peculiar to itself that make the solution complex and difficult.

With aircraft there can be no thought of placing in storage even that proportionate amount of necessary reserves as we have been able to do with guns of all sizes and with tanks and motor trucks and ammunition and a thousand other things the Army would need in war. The cost of aviation reserves in any way adequate would be staggering. And even if we had the planes today, tomorrow might see them useless for war purposes by reason of overnight developments in the science of flying.

The logical solution, of course, is to foster commercial development; to create the demand for a peace-time industry. What we have been able to do in that way the War and Navy Departments have done. But it must be a slow business at best, and other means to prepare against our war needs are necessary. Some project for subsidizing commercial aviation development may come.

It is difficult to realize just what the waste in aircraft in ordinary use amounts to. War wastage at the front reaches 50 per cent a month. It is proportionately heavy in peace time. Today there remain but 11,000 Liberty motors of the number built during the war, and the vast machinery then building motors has disappeared. No Liberty motor is under construction today in the United States. There is no market for them. It is estimated that should we need again to put the Liberty motor into production, at least four months would be required to turn out the first engine and the subsequent increase in output would be slow.

Yet motors, after all, are less of a problem than the planes themselves. For our motors we can look to the automotive industry and

gas engine builders generally with assurance that they can do the work. But the planes require a degree of skill in construction that no peace-time industry is maintaining on a scale that can give us any confidence for the future. How ultimately we are to meet the problem is not yet apparent.

A tentative plan for organizing aviation industrial districts is in the making. It would provide seven district headquarters under a chief of aviation procurement in the Air Service at Washington. As with ordnance, we will have to turn to reserve officers and the patriotism of the people if we are to profit in the future by the lessons we are striving today to construe.

The plans for procuring clothing, food-stuffs and transportation by wagon or motor truck or automobile, and all the other supplies an army uses, are being dealt with by the army supply service concerned under the supervision of Colonel Wainwright's office. They all deal with gigantic existing industries, and we in the War Department are striving to make the best possible use of our war experience in every line.

One thing of importance to the business world we have set in motion. That is the preparation of a uniform fixed price contract for use in future war orders. Such a document has been drafted in tentative form. Outstanding features of this contract are that no bond is required; that liquidated damage clauses have been drawn; that fixed interval payments upon estimated percentage of completion would be made, only 10 per cent of the estimated amount due to be withheld until final acceptance; that end-of-the-war termination of contract provision is made calculated to protect the contractor in financial outlay, and in relation with labor by disposition of raw materials and partly fabricated articles and amortization of new





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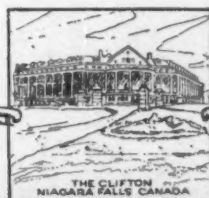


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plants over the period of reversion to peace activities and by compensation of employees for a period permitting their return to peacetime work.

This tentative contract form, as originally drawn, went out through the contracts of the department with industrial life and technical societies to many men who manufactured for the government in war. The helpful criticism that resulted is the basis upon which revision now is proceeding.

In a similar way standardized forms for informal war orders are taking shape, and in the same way we are standardizing all War Department specifications so as to bring them into harmony with the accepted standards of the commercial world.

We are dealing, too, with the question of war legislation. We have provided in conjunction with the Navy Department for coordinating our activities, both of operations and supply, to a greater extent in the future than we have ever known in the past.

I refer to the present Joint Board of the two departments consisting of the Chief of Staff of the Army and two General Staff Officers on one side and the Chief of Operations of the Navy and two Naval Staff Officers on the other. This is a revival in much enlarged form of the old Joint Board that existed prior to the war, but now it has been made, by agreement between the two departments, a continuing body supplemented with a planning committee that keys into the war planning machinery of each service.

#### Getting Army and Navy Together

IT seems to me that of outstanding value is the establishment of a growing spirit of cooperation among the personnel of the two fighting arms of the Government. And it is being done from the inside and without any sacrifice of that spirit of healthy rivalry between them that adds to their fighting efficiency.

There are a number of agencies that have recently drawn work of the Joint Board, all of which are important in promoting coordinated effort and sympathetic understanding between the services, and among these, of particular interest to the commercial world, is the recently formed Special Munitions Board, headed by the assistant secretaries of the two departments. It is charged with the duty of weighing joint or similar problems of munition supply and developing toward standardization of war requirements and the prevention of rivalry and competition in the procurement of needed war material.

We prepared for war in 1917 with the Allies holding the line until we could make ready.

In the fall of 1918 the war was costing the United States \$2,000,000 an hour. Planning in peace for war means not only the saving the life-blood of our youth, but every hour we can shorten such a conflict means \$2,000,000 removed from the shoulders of the taxpayers.

Today we are reasonably ready in men and material to make good the ideals we hold dear against any aggressor. A year hence we will be less ready by twelve months of deterioration in reserve material and another year added to the age of our war-trained man-power.

The plans which I have sketched here are taking shape for the sole purpose of making us reasonably ready materially. In essence they mean merely the saving of time in preparing to fight. They contemplate that we shall live always at peace because the world will know that we have the will and the power to command peace.



## The Government is Not a Business Man

"NOT A BUSINESS man" was the verdict passed upon government in October by the President of the Permanent Court of International Justice at the Hague. He was not speaking in court, however, but at a meeting of the International Maritime Law Committee in London. He went on to say that a government understands neither business nor business economy, and always works at a loss unless it kills competition by creating monopoly.

The immediate occasion of the remarks of the judge was the position taken by governments when their vessels cause damage to ordinary people's property. In principle the rule of immunity for governments from responsibility in the courts for damages was bad enough when governments owned practically no vessels but war ships, but in these times when government-owned ships include purely commercial steamers the rule of immunity causes too frequent hardship to go without attention. To be sure, the rule is not always used; not so long ago, when one of the boats of our Shipping Board got into collision off the British coast, it was submitted to the jurisdiction of the admiralty court as if it were privately owned.

The rule of immunity, the committee which sat in London would abolish. With members participating from England, Belgium, Norway, the United States and other interested countries, the committee declared that when sovereign states have ownership in vessels of any kind they should accept all liability to the same extent as liability is borne by private owners of ships, and that the liability should in the case of vessels used for commercial purposes be enforced in the courts where private persons have justice meted out to them. For damages caused by war vessels and other steamers used in non-commercial ways the maritime committee would likewise have governments respond, but only in their own courts.

Having declared the course governments should take in getting away from the outworn doctrine that the "state can do no wrong," the committee turned to the subject of the Hague Rules with respect to the liabilities and rights between shippers by sea and vessel owners—rules which this same committee put out two years ago. The conference unanimously stated that it agrees "in substance with the principles which constitute the basis of the Hague Rules and the rules for the carriage of goods at sea (i.e., the Hague Rules as revised for incorporation in legislation in England) and regards those rules as affording a solution, alike practical and fair, of the problem of clauses in bills of lading excepting or limiting the liabilities of the shipowner." The conference went on to say it believed an international convention was the most desirable means of reaching a solution of the problem and of the serious conflicts of law which it raises.

This appears in effect to have been a suggestion that the international conference composed of accredited delegates of governments which met at Brussels on October 17 should proceed to draft a convention for adoption by governments on the subject of the Hague Rules. In many ways the meeting at London was an informal preliminary for the formal occasion at Brussels in the following week. Many of the participants at London were delegates to Brussels. After the sessions at London, these gentlemen donned their diplomatic habiliments and proceeded across the Channel.

## Ships, Shoelaces and Fire Insurance

WE paraphrase the old slogan "Shoes, Ships, and Sealing Wax" to indicate the variety of Stone & Webster construction work in and near Philadelphia.

**SHIPS.** Stone & Webster built the Hog Island Shipyard, the largest project except the Panama Canal ever undertaken by the United States Government. It is described by the PUBLIC LEDGER in a recent publication as "the wonder work of the world." It included almost every variety of construction and, among other things, with its eighty miles of track, out-ranks any regular railroad terminal or yard in Philadelphia.

**SHOELACES.** Stone & Webster built the new plant of the Narrow Fabric Company at Wyomissing, in every way a model manufacturing establishment, producing shoelaces and other highly-valued necessities of life.

**FIRE INSURANCE.** The Insurance Company of North America, not only one of the oldest Philadelphia business institutions, but the oldest fire insurance company in America, has retained Stone & Webster to build its new building which is to be one of the features of the Parkway. Messrs. Stewartson and Page are the architects.

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# Nation's Business Observatory

**T**HE PROBLEM, and the fear of high prices still engages the attention of many lines of industry, and discussion ranges all the way from the great basic products such as steel, to fine finished articles such as gloves.

Discussing the future course of steel prices and what it considers the unfortunate condition of some steel makers the *Iron Age* refers to the recent statements of the independent companies as "a distressing iteration of deficits." Then it goes on to say:

But the one experience that is common to all producers—and the Steel Corporation has had no exemption—is that of a very definite and in some cases pronounced increase in costs since the weeks just before the coal strike, in which the market dipped to the lowest point since early 1915. Between the advances in labor and fuel that have come since the low-priced tonnages of February and March went on their books some companies have been literally ground between the upper and the nether millstones.

It will be said again, and it will be true, that supply and demand will be the arbiter in the present test of buyer and seller strength. On that basis reasons can be found for the prevalence, in the early months of 1923, of finished-steel prices not materially different from those prevailing today. The country has no stocks, and between labor scarcity and car scarcity the mills are not likely to increase the present rate of output. On the other hand, in spite of continued losses by some producers, and very narrow margins for the most favored, the advances in prices that have been agitated in some quarters may be still further delayed.

The advance in cotton has caused much comment. *Textile World* finds fault with the War Finance Corporation for lending money to the American Cotton Growers Exchange and the Staple Cotton Co-operative Association, believing that these organizations were using the Government's money "to hold a larger part of their cotton for much more than market prices then current instead of marketing it in the 'orderly manner' that is stipulated by this Government agency."

On the other hand, Arthur Richmond Marsh in *The Economic World* undertakes to show that cotton is in a changed condition from any other of our raw materials. He points out that it was a common saying before the war that dollar wheat meant ten cent cotton and that cotton and copper went fairly hand in hand in price per pound. Neither of these conditions longer exists as the writer points out:

Conditions of production of cotton in the United States have undergone so radical a change for the worse that there is now no economic ground for thinking that this country's annual contribution of raw cotton to the world's cotton industry can again come within measurable distance of supplying the existing needs of that industry in the way of American cotton, unless upon the condition that the price of cotton rises to such a height, relatively to the prices of all other commodities and services, that the enhanced costs of production under the new conditions are fully made good. As things now are, with the depredations of the boll weevil still unchecked in the United States, it must be regarded as an established fact that the normal annual yield of American cotton will be below rather than above 10,000,000 bales. But the minimum annual supply of American cotton required to meet the needs of the world's cotton industry as now organ-

ized and developed is 13,000,000 bales. Students of agricultural economics will appreciate how vast an increase of labor and expense must be given to the American cotton crop to add to it the 3,000,000 bales, or 30 per cent, indicated by the above figures as necessary. We have here to contend with the cruel law of the diminishing return, peculiarly applicable to agricultural production, according to which the last increments of yield are obtained only at an inordinate cost.

In building materials *The American Contractor* holds out no expectation of anything save higher prices and makes this comparison of its own and other lines of industry:

Wholesale prices of building materials for October have increased 1.75 per cent over the prices for September, according to information gathered by the United States Bureau of Labor Statistics. Analysis of the prices of 404 commodities reveals that building materials and metals have increased more than 15 per cent in price since October a year ago, this increase ranking next to the highest. Only fuel and lighting had a greater increase, 19.5 per cent, while farm products increased 11.25 per cent, and the general level of all commodities 8.5 per cent.

Reverting to a comparison of the present month with the month immediately preceding, it is found that the general price level for the entire 404 commodities has advanced three quarters of one per cent over the level for September. Farm products showed another big gain; the increase was 3.75 per cent for the month. An important group of miscellaneous commodities had an advance of 3.5 per cent; cloths and clothing of 2.75 per cent and foods 1.5 per cent while prices of metals and metal products increased less than 1 per cent. Prices of bituminous coal and coke declined rapidly in the face of increased production.

*Shoe and Leather Reporter* suggests a peculiar reason for the possible high prices—if any there be—in the shoe industry. It speaks of "violent underbuying" by retailers and thus explains:

At a time when the public is loudly insisting upon reasonable prices the retail merchants by their hesitancy in ordering have induced a situation where shoes cannot be produced economically. The demand has been spotty and irregular in leather as well as shoes with the result that when anything like an urgent call springs up the competition to buy forces prices up.

*Textile World* also has this to say of the retailers:

There has been no reduction in retail prices comparable with the declines that have taken place at first hand and quotations could be materially advanced by textile manufacturers and in turn by jobbers without seriously interfering with the retailer's margin of profit should he continue on the present level.

For some time there has been a growing demand for merchandise which has been instrumental in causing an elevation of prices to a greater extent than any increased cost of raw material. In other words the primary markets have been divorced from those of raw material and the difficulty of keeping production up to a point where it will satisfy demand has been the prime factor in causing price advances.

From Gloversville, where gloves are made and the *Glovers Review* is published, comes a plea in that periodical to the retailer to explain to the consumer what's what in glove prices. The *Review* asserts "that gloves will have to bring high prices at retail is inevitable," but it hastens to explain that the tariff is not a cause and that the consumer

should be made to understand that in reality "leather and labor markets are having more effect on glove prices than tariff." The real reason, it says is that "there is not a single kind of leather used in the manufacture of any type of gloves that is not being competed for by any other industry."

Some very direct advice to the retailer in meeting a market of rising prices is given by the *Dry Goods Economist*, which says that the time to mark up goods to replacement value is now. The *Economist* bases its argument for that assertion on the fact that merchants were forced when prices went down to mark goods at replacement values and that "if it is right for a merchant to accept losses when the market drops it is equally just and fair that he should obtain the profit created for him by a price advance."

## Two Trademark Cases that Add to Retailing Problems

**T**WO cases in the United States courts which are of very great interest to the retailer are reviewed in a leading article in the *Dry Goods Economist*:

In the first case the United States Court for the Northern District of Ohio granted to the makers of fabric sold under the brand "Fruit of the Loom" an injunction restraining a department store in Toledo from offering for sale shirts made of such fabric but not made by a concern which the manufacturers of Fruit of the Loom had licensed to make shirts of their product and sell under that trademark.

The plea of the department store concern, to the effect that the practice of licensing particular manufacturers to make shirts of Fruit of the Loom fabrics was objectionable, in that it created a monopoly, was rejected by the court. It was held that the manufacturers of Fruit of the Loom, having during thirty years built up a valuable reputation for their product, and also for garments made therefrom, were entitled to limit the use of the trademark to makers who would agree to maintain certain prescribed standards. This limitation, it was held, could apply not only as to the quality of the fabric but also as to the workmanship, design and reliability of the finished article.

The second case of recent decision along this line was that of *Coty vs. Prestonettes, Inc.*, in the United States Circuit Court of Appeals. It was based on the practice which has arisen in the trade of rebottling extracts and toilet water made by Coty and of manufacturing compacts made from Coty products and of selling them under the Coty trademark, "L'Origan."

In this case, as in the other, the use of the trademark of the manufacturer of the product employed placed said manufacturer in a position where he would have to bear the brunt of any unfavorable impression which the made-up or rebottled article might create on the purchaser and ultimately on a greater or less proportion of the consuming public.

As was reported in the *Dry Goods Economist* at the time, Judge Hand in the United States District Court for the Southern District of New York, recently granted an injunction prohibiting the rebottling of Coty extract and toilet water and manufacturing compacts from Coty products except when distributed under modified labels. The appeal from this ruling by Coty was for the purpose of obtaining an absolute injunction, and, as indicated, this injunction has now been allowed.

It is important for retailers to note these decisions. When a manufacturing concern



offers an article under the trademark of some other manufacturer, even though you have no reason to doubt the squareness or reliability of the seller, and even though you may know that his product is made of the trademarked goods in question, it will be the course of wisdom to ascertain whether such seller has the right to use the trademark.

### An American View of a Crude Rubber Control Plan

THE AMERICAN rubber and tire industry is much concerned over the "recent action of the British Colonial Office, ratified by the Federated Malay States, to regulate through export duties the supply of plantation rubber and thereby increase its price." *India Rubber Review*, from which the above statement of facts is taken, devoted a large part of a recent issue to a consideration of a plan "by an American rubber expert" who, the *Review* thinks, holds "possibly an extreme view."

The plan was based on the findings and report of what is known as the Stevenson Committee, composed of Colonial officials and rubber growers. In effect it is that export duties on crude rubber shall increase to the individual exporter in proportion to his total exports. The Committee takes as standard production the actual output of each producer for 1919-1920 and recommends a minimum duty on exports up to 65 per cent of standard production. Above that point the duty increases with each additional 5 per cent exported.

When the price of crude rubber in London remains for a fixed length of time at not less than a fixed price, the amount which may be exported at the minimum duty automatically increases. Conversely, if rubber goes lower in London, the amount to be exported at the minimum duty shall be reduced.

The "American rubber expert" feels that the Stevenson scheme would mean 70 cents per pound for rubber at 100 per cent production, although average cost of production is only about 16 cents. The interest of America, which consumes some 70 per cent of the world's production, is plain, and the writer whom we are quoting believes that only speculators will benefit from the scheme and that "tire and rubber manufacturers have no alternative but to increase prices sooner or later with the rise in this basic commodity."

He does believe that the Stevenson Committee should have "applied their efforts toward determining a fair price that would give planters an ample return on their investment, and then suggested legislation that would stabilize that price."

It is interesting to note that rubber from 1909 to 1920 has varied in price ranging from \$2.87 to a minimum of 13 cents.

### How Draw the Line Between Finding Truth and Facts?

AT first thought it might seem difficult to draw a line between the truth and the facts, but *The Mining Congress Journal* seeks to point out that one task before the Federal Coal Commission is whether it shall seek the one or the other. Then it sets forth this illustration:

The distinction between these two words can be drawn roughly this way. The outstanding mathematical "fact" is that 2 plus 2 equals 4. The outstanding "truth" of the coal industry is that if it costs the miner \$2.00 to house and clothe his family, plus \$2.00 to keep them well, to educate them, and to entertain them, his total cost of living is \$4.00. This means he must



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have \$4.00 to pay his expenses. If the coal operator has a cost of \$4.00 for his coal he must get \$4.00 for it, or go out of business so soon as his money is gone. This would mean that coal production would stop.

A strict adherence to "fact" finding only, in connection with the convolutions of the coal industry, must result in findings which head toward the exact fixing of wage scales; the exact determination of all elements of cost; and the exact fixing of prices resting upon a pre-determined margin of profit upon a measured and prescribed capitalization of all mines. Thus, by adhering to a rigid fact-finding program, and to the application of those remedies suggested by the facts as found, we can easily be forced, by logic, into rigid governmental control of the coal industry.

The "truth" may be that the miner was extravagant, or careless, in spending his money. The "truth" may easily be that the operator's cost of production rose because he was inefficient. The "truth" may be that neither side was willing to amend its own program, but that each insisted that the other do all the sacrificing. The "truth" may be that both decided to stand stubbornly on their "rights," and thus—although unwittingly—decided to make the public pay. Thus the "truth" may easily be that the fact-found scheme devised by the Commission to make comfortable the situation in coal would result in great discomfort to the buyers of coal, while leaving the "mischief" a permanent resident in the industry. Obviously, too great an adherence to fact finding, and too complete a disregard of the elements of truth might result definitely to the disadvantage of all concerned. The Federal Coal Commission must make a nice distinction as to the relative degree of stress to be put upon these factors.

## The Boll Weevil Blamed for an Arsenic Shortage

The boll weevil has been blamed for many things. Let us now add a new count to the indictment. We are facing a shortage of arsenic, at least in the form of calcium arsenate because of the boll weevil's abnormal appetite for that poison. Were it not for the boll weevil, these United States would get along with some 15,000 tons of arsenic a year, but add on 4,000 tons with which to manufacture the arsenate, and whence shall come the needed amount?

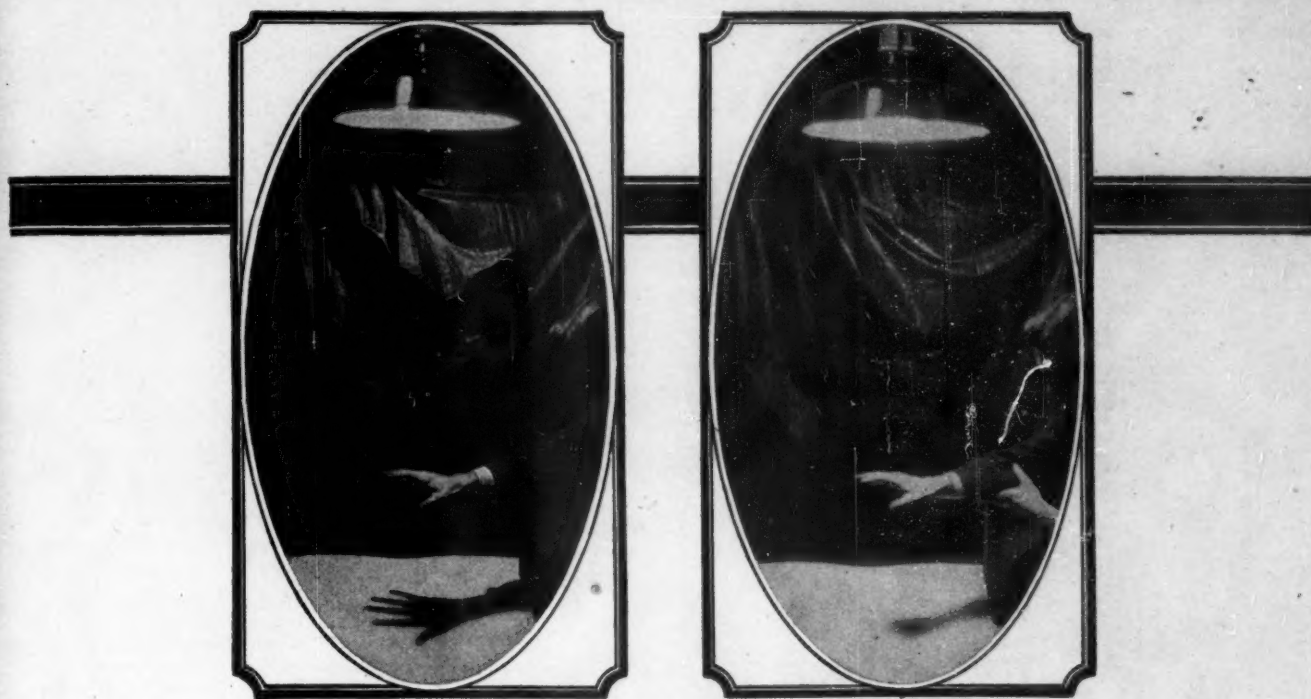
*Oil, Paint and Drug Reporter* thus reviews a situation in which both federal and state governments are becoming interested:

The cotton planter is faced, not by a shortage of calcium arsenate, or a "corner" in that product, but by the stubborn fact that manufacturers of the desired insecticide are extremely hard put to get the raw material to make it out of. There is no lack of firms ready to make calcium arsenate and market it at a reasonable price—and new ones are looking for an opening every day—but to get arsenic—and the arsenate is 40 per cent arsenic—the manufacturer has to bid against the industries which in former years took the greater portion of the available supply, and even then he finds that the smelters have a tendency to take care of their older customers first.

Arsenic can be produced otherwise than as a by-product of smelting. There are several arsenical minerals deposited in different sections of the United States. But no process has as yet been devised for making arsenic at a price which would afford relief from existing market conditions. A few firms are producing arsenic direct, or are about ready to do so—but they will not be able to offer it at a bargain.

There is talk in some of the cotton states of co-operative or state calcium arsenate plants. If we may make a suggestion in this connection, it is this: First get the arsenic. Mispickel deposits exist in Georgia, Arizona, North





Two unretouched photographs showing how quickly and easily costly shadows can be eliminated by *merely changing the lamp*

## Chase the shadows that cloud your profits

**E**VER TRY to get a good clean shave when one side of your face was in shadow? Then you know how difficult the pleasant task of shaving becomes—and the extra time it takes.

In just the same way shadows from artificial lighting are bothering the workmen in thousands of factories today—shadows that slow up production, spoil products in the making, and cause dangerous accidents.

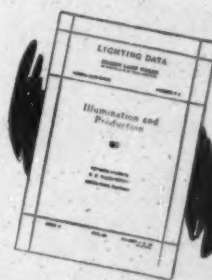
Yet shadows are so easily banished. One way is illustrated above—merely by changing a clear lamp to a bowl enam-

eled Edison MAZDA C lamp! You can make such a test in your factory today.

If you wish, our Lighting Service Department will be glad to plan your lighting according to modern efficient standards—there is no charge for this service.

### Special lighting booklets for you!

If you want to know the great benefits at low cost from better factory lighting, ask the Lighting Service Department, Edison Lamp Works of the General Electric Company, Harrison, N. J., for a lighting bulletin for your special business. Yours for the asking.




STANDARDIZE YOUR FACTORY LIGHTING WITH

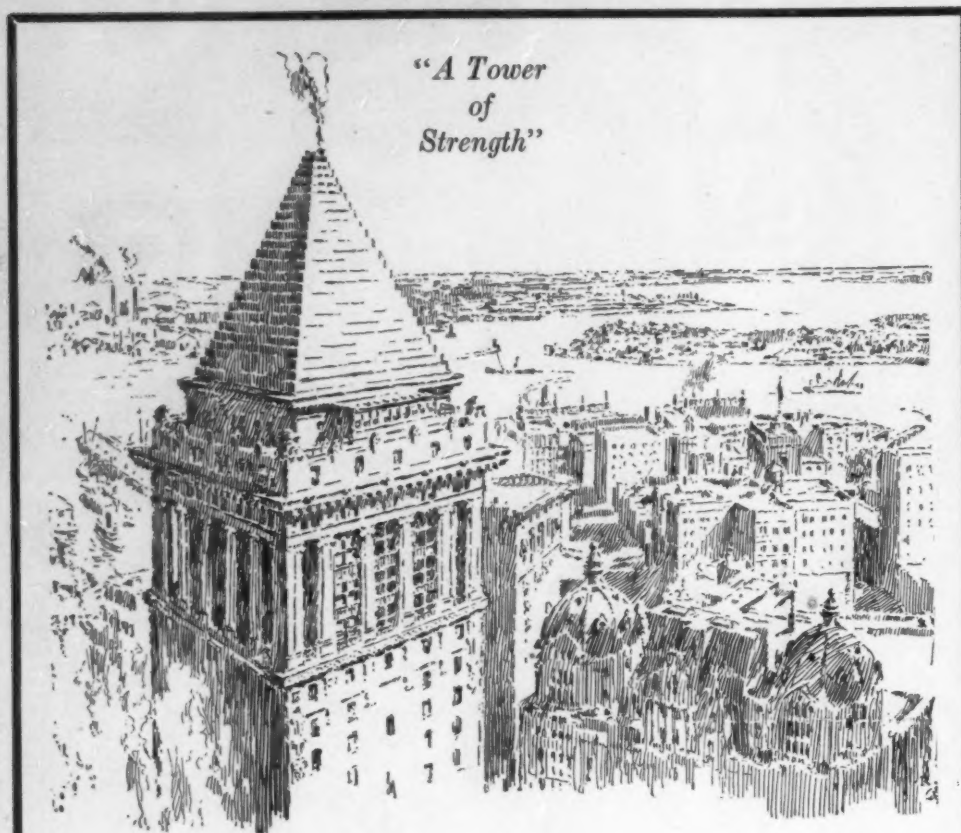


# EDISON

## MAZDA LAMPS



A GENERAL ELECTRIC PRODUCT



## Not of One City Alone, But of The World

A MODERN commercial bank is of no one city or country, but of the whole business world. While its *base* of operations is necessarily fixed, its *field* of operations and lines of service extend wherever men produce and exchange goods.

Bankers Trust Company's offices are in New York and Paris; its operations are world-wide. It is working with thousands of strong banks to perform a unified commercial banking service for its customers.

# BANKERS TRUST COMPANY

NEW YORK

PARIS

Carolina and Virginia (to name only the locations convenient to the cotton belt). Perhaps the state universities can be induced to study the problem of turning these deposits to account in the campaign against the boll weevil. The need justifies a goodly measure of research.

Investigation of the calcium arsenate situation has been asked of the Department of Justice and the Federal Trade Commission. The question seems to be a chemico-economic one rather than a matter of monopoly as is hinted in the request for a probe. The ingenuity which developed the fact that calcium arsenate eradicates the boll weevil has now the bigger task of developing the production of the insecticide.

### The Coal Strike Has Caused a New Anthracite Problem

ONE result of the coal strike as reported by a paper in that industry has been to increase the use of bituminous coal in the household, and according to *Coal Age*, the hard-coal men are frankly worried lest some of their customers may not come back. The *Age* goes on to say:

Because bituminous coal has never participated in the household trade of the East, bituminous coal has not, save in exceptional instances, been prepared for that market. The result now is that when the soft-coal shippers are called on to help fill the gap caused by the strike in the hard-coal mines they have nothing but run-of-mine to ship. Straight run-of-mine coal is not a satisfactory household coal. No one likes to use it. Hotels, office buildings and apartment houses with fully equipped steam plants can and do take mine-run coal, as in Chicago, where run-of-mine smokeless coal is the favored fuel. But the householder wants sized lumps. If the bituminous-coal producer has a desire to retain any of the market now thrust upon him he must cater to that market. Several of these producers have announced the installation of equipment for sizing their product, and the indications are that others will follow. Some of the central Pennsylvania coals will not lend themselves to this treatment, being too friable, but others have already been proved to be real household coal.

The present is an opportunity for the soft-coal men so situated that they can ship into the Eastern territory. Having matched preparation with anthracite, they will have lower price to set against cleaner, smokeless product, shipped from mines that never have car shortage.

### A Floating Trade Show That is Really Afloat

THESE are indeed piping times of peace, when Krupp's armorers are reported beating their howitzers into cash registers and dairy equipment, and when converted French battleships, laden with shells that once grew on a tortoise, with powder that doesn't explode, and with big guns from the commercial rather than the naval world, are starting for the Far East on a mission that is pacific in two senses of the word. According to the United States consul at Brest, the *Jules Michelet* and the *Victor Hugo*, units of the French fleet, left that port in October for a nine month's cruise of Oriental waters carrying a display of French art and French industrial products, and representatives of the government ministries of Foreign Affairs, Commerce, Public Works, and the Colonies.

He reports the exhibition to consist, in part, of "a very fine installation of transparent photographic representations of various articles, such as jewelry, furniture, clothing, draperies, linens, perfumes, statuary, and of the exteriors and interiors of French establishments. These transparencies are arranged



in two long cabinets in the passageways of the main deck, and are lighted from within by electricity. The transparencies are themselves a fine testimonial of the excellence of French photography. The color work is so well done (in the case of jewelry, for example) that one could easily believe that he was looking through the glass at the real article itself.

"The second part of the exhibition consists of hundreds of samples of all kinds of products, together with some of the valuable works of art from the famous French museums. There are cinematographic films to be shown to the visitors and thousands of pamphlets for distribution advertising the harbors, railways, steamship lines, mines, factories, etc., etc., of France."

Traveling exhibitions of this character have been discussed at some time during the last few years in practically every country with commercial interests. Some have actually been launched on a tide of prospectuses, but have foundered before achieving a salt-water launching.

### To Send More Students Abroad

**F**ORTY students of Georgetown University School of Foreign Service got a thorough training in the actual difficulties in writing commercial reports by means of a study tour to Mexico City during the summer of 1922. This is the second study tour of the kind, as a similar party of eighteen students under Dr. G. M. Sherwell had gone to Venezuela in 1920.

The originality of these tours lies in the fact that the men who are taking the two or three years' course to prepare themselves for foreign representatives of the Government or of private business get a taste of what it means to work up on the ground a thorough-going and reliable report upon some phase of economic conditions at the post to which they may be assigned. Work on the survey was combined with attendance at the National University of Mexico.

It is now being planned to conduct a similar tour in 1923 to Mexico City at the National University; to the University of Grenoble, France; to the University of Madrid, Spain; and, perhaps, to the University of Kiel or Colonial Institute of Hamburg, Germany.

### A Lovefeast of Business and Agriculture

**T**HE NATION'S BUSINESS has pointed out the interest of business in the farmer cooperative movement in articles by Silas Bent and O. M. Kile. To further the acquaintance of business men with agriculture's problems a luncheon was recently given in Chicago by James R. Howard, president of the American Farm Bureau, for a group of representative business men.

Declaring that the farmer's chief problem is economic in character and must be solved largely from within, Alexander Legge, of the International Harvester Company, said:

The farmer in marketing his crops is dependent upon the law of supply and demand regardless of what it costs to produce; the price of what he has to buy is based on production costs. . . .

The solution of this problem of the farmer's marketing must be better organization, and some sort of orderly marketing, for one thing.

Crops are being carried to some extent, but the farmers are complaining bitterly that they cannot get cars, though in consequence of this shortage of cars the grain price is work-

## Business Life Insurance

*Now Recognized as a Permanent Economic Factor—Executive Ability an Asset, and a Loss if Displaced*

**B**USINESS LIFE INSURANCE must be recognized as an economic factor in indemnity for the loss of capital and brains. The death of a man closely identified with a business cannot but result in a shock to the organization, possibly affecting its financial credit, its business-getting ability, or its efficiency of operation, all of which may bring about pecuniary loss.

Hence it is both wise and prudent for business concerns to have the lives of men whose death would affect them in this way properly protected by life insurance, thus assisting to tide over temporary difficulties and provide for continuance.

A man who has great executive ability, or whose knowledge assists in shaping the destiny of a business, is of distinct economic value to the organization, and the same may be said of the Financial Man in touch with business conditions, banks, bankers, etc.

The same is true of the Sales Manager, whose ability and tact have developed the producing factor. It may be true of the Buyer of the concern, whose knowledge of market conditions leads to closer trading and better profits; also of the Foreman of the shop, whose skill and industry

have become a permanent and substantial part of the business.

The loss of any one of these may throw the organization out of gear, resulting in disarrangement and actual loss.

All business men recognize the need of adequate fire-insurance protection for their credit,—in fact, they could get no credit if they did not have this insurance,—and yet loss by fire is infrequent and may never occur, but death is certain to come sooner or later.

Here is developed a great need for the life-insurance policy, and it would seem that good business judgment would prompt the setting aside of the life-insurance premium among the fixed charges of a business concern.

The life-insurance policy is easily adaptable to varying conditions—to replace ability and brains, to safeguard credit, to buy out a retiring partner's interest, to satisfy the estate of the deceased member, to establish an emergency fund to tide over re-organization.

In contracts of this description Security of the indemnity will be the first thought of the careful business man, and in this respect this Company offers the very best.

*John Hancock*  
LIFE INSURANCE COMPANY  
OF BOSTON, MASSACHUSETTS

### With Your Compliments

Is there someone you think should read the particular article in this issue which you most enjoyed? If so, write and tell us who he is, together with 25c in stamps and the name of the article, and we will send him a marked copy of this number of The NATION'S BUSINESS with your compliments.

The NATION'S BUSINESS  
WASHINGTON, D. C.



**"It is a good investment—but  
it's not the best for you"**

**W**HEN YOU consult a medical specialist, he makes a thorough diagnosis *before* he prescribes.

In the same way true investment service seeks to ascertain what types of securities best fit your requirements before suggesting specific issues. It considers your circumstances, the possible use of your investments as collateral and your purpose in saving.

After you have purchased the right securities, true investment service aims to keep you informed of the condition of the issuing corporations and suggests re-adjustments as changing business conditions may make them desirable.

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PHILADELPHIA: Land Title Building  
BALTIMORE: Calvert and Redwood Sts.  
CLEVELAND: 629 Euclid Avenue  
CHICAGO: 29 South La Salle St.  
SAN FRANCISCO: 485 California Street

ing higher. This car shortage has resulted in one fellow getting his crop moved and the other fellow does not get any moved, and that creates a real hardship on the producer.

... You business men have had much experience in organization, and it is in things of this kind that you can help. Another thing you can do, you can see to it that this situation is more clearly understood by groups of business men elsewhere. If we want to get this agriculture situation cured, this propaganda must be put out. . . .

You cannot cure this trouble, as I have said, through legislation. It is an economic trouble too deep to be reached by making or unmaking laws, but it can be cured by organization, and it is in helping to bring about such an organization that you can be of assistance.

The attitude of the American Farm Bureau was presented by Mr. Howard, who put the situation thus flatly:

The present economic condition of the farmer is bad. It must be remedied. But it is just as important, even more important, that we look ahead and chart our courses so far as possible that similar periods of distress may be avoided. This can only be achieved through a cooperation and a thorough understanding on the part of each of us of the other's business.

There is one thing that I want to say to you business men. It is this: You are more selfishly dependent on the farmers of this nation than your trade sheets indicate. You are interested in property and property rights. . . . Your property is safe and your prosperity has been vouchsafed to you because the majority spirit of democracy has safeguarded you. . . . I am not an alarmist but am asking you candidly whether you would rather trust your interests today to the man on the street who is perchance not a property owner or would you rather trust your interests to the judgment of six and one-half million farmers with property rights similar to yours and who, because of their interest in their own property, are also helpful guardians of rights.

We as farmers invite you to cooperate with us, not in any selfish measures but for a common good. We would all benefit were it possible for the day of blocs and cliques to give way to a day of cooperation and mutual understanding.

The American Bankers' Association went on record through its president, John Puelicher, as wishing to learn how to enlarge its service to American farmers. Its sympathetic approach to the problem is carried in its president's terse assertion, "We like the American farmer."

Referring to the possibilities for conspicuous public service in the efforts of Mr. Howard to effect a better working understanding between agriculture and other branches of industry, Julius H. Barnes, president of the Chamber of Commerce of the United States, said, in part:

If he can advance the day when agriculture will consult with men of other experience and of the ability which leadership in other industry implies, and when agriculture will listen also with some confidence in what those men have to say, he will greatly advance the day when agriculture will prosper on a solid foundation. Large evils require large-scale remedies and often long and careful treatment, and the disadvantages under which agriculture may suffer cannot be eliminated in a day, or a month, or by passage of legislation alone, but by the study and application of fundamental economic law to the industry. . . .

I mention the need of long-range remedies, planned with careful study and vision of deferred results. The transportation condition which agriculture suffers from today,



is a direct reflection of over-rigid regulation inspired largely by the farmer. There was little conception of the proper relation of agriculture to railroad service, but much effort aimed at a reduction of railroad rates, by every power of regulation. This was the only general conception of service which transportation meant to them. Today, the result of that over-rigid regulation is that the operating capacity of the railroad has failed to expand, because it had neither earnings to reinvest nor credit assured by earnings. We are suffering today from inadequate facilities, as a direct result, and felt most keenly today on the western farm.

It needs a broad and enlightened view of economic law to plan these remedies far in advance, and not be continually trying to remedy evils after they develop. If Mr. Howard can succeed in enlisting the interest and aid of business men in agriculture and succeed in establishing in agriculture an attitude of cooperation and confidence in which business judgment may render more effective service, he will have done the greatest single service to agriculture that I can conceive.

## The Inconsiderate Hunter for More Facts

AN AMERICAN trade commissioner in a remote part of the world, in an intimate letter to one of his friends in the export profession here in the States, recently said that he believed some of our good exporters in the United States are suffering from a disease known as "informationitis." He then proceeded to give a diagnosis of a particular case which had come to his attention, and from the symptoms set forth we are forced to the conclusion that it was informationitis of the most malignant sort.

One fine day this hard-working representative of the United States Department of Commerce received in the overseas mail from the States a husky questionnaire, seven pages long, involving highly technical, legal, financial and commercial questions. This questionnaire came from an exporter in the United States and was accompanied by a cordial letter addressed to the trade commissioner, stating that in the reasoned judgment of the concoctor of the questionnaire the T. C. was the chosen Son of Heaven to give him the very low-down on all these dozens of questions that were perplexing him, the solution of which was of such vast importance to the conduct of this exporter's business. It was a very fine letter. The trade commissioner, who, by the way, is not a vain sort of a chap, felt complimented to think that this exporter appreciated his worth, his knowledge of the field, and so forth. That was the glow he felt on reading the letter. On scanning the questionnaire, however, his sentiments underwent a certain change.

### What Didn't He Ask?

The exporter was asking for detailed information on a score of subjects on which the trade commissioner did not profess to be informed, let alone being in a position to discuss them expertly. If he were to answer even the chief questions in that questionnaire in the detail requested, it would take the best part of two weeks of his personal attention, and would require correspondence with a number of people, personal visits at a number of institutions, and several days of statistical compilation and computation.

The more the trade commissioner looked at this questionnaire, the greater became his conviction that he must dispose of the in-



## Expansion

A million new subscribers were linked to the Bell System during the past two years—putting into operation a million new routes of talk, and a corresponding increase in all intervening facilities such as switchboards, cable and long distance lines.

No other country is so well equipped as the United States for telephone communication. Yet, because of this—because the telephone is so useful—the demand for service keeps growing greater.

The growth of telephone demand in the United States is greater than the growth of population. It is an intensive growth. An increasing percentage of the population is seeking telephone service.

The Bell System is providing for more investment, further technical achievement, more wires, switchboards and stations—and more subscribers. The American people require the best service. The best service means the most comprehensive service, not only for the necessities of to-day, but for the necessities of the future.

"BELL SYSTEM"

AMERICAN TELEPHONE AND TELEGRAPH COMPANY

AND ASSOCIATED COMPANIES

One Policy, One System, Universal Service, and all directed toward Better Service





## How Can "Thumb Men" Sell *Your* Goods?

If your products are sold through jobbers—beware the handicap of the "thumb man." In response to queries from half sold retailers he "thumbs" his way through his ponderous catalog, hunting for *your* page.

☛ How can he sell your goods? Yet he can, and the solution is in your hands.

☛ Maybe you'd be interested in learning how others have done the job and won the enthusiastic and intelligent support of

their jobbers' salesmen, and built up sales.

☛ This, along with other interesting marketing problems, is discussed in the book, **PROMOTING SALES**. A copy will be sent on request made on your business letterhead.

(Please mention Nation's Business)

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Cleveland  
Effective Direct Advertising

**T**HERE should be one magazine whose advertising pages constitute practically a directory of the best industrial announcements in the country.

Look over the pages of  
**The NATION'S BUSINESS**  
with this in mind

quiries in rather summary fashion and that the enthusiastic confidence in him on the part of the exporter was likely to be correspondingly shaken. The trade commissioner aimed to please, being imbued with the spirit of service that marks the entire personnel of the Bureau of Foreign and Domestic Commerce at home and abroad. And yet, thinking the matter over, it dawned on the trade commissioner that if twenty-six American exporters per annum inflicted this sort of questionnaire on him, he would have time for nothing else in the course of the year; he would even have to forego his vacation, and vacation is not a luxury, but a necessity at many of the tropical posts in this foreign commercial service.

He could see from the make-up of the questionnaire that he was not the sole recipient of it, and from a turn of phrase here and there decided that probably the questionnaire had been sent to every other resident trade commissioner and commercial attache of the Department of Commerce all over the world. He knew that his colleagues at these other posts were no more amply supplied with staff than he was, and he decided that the questionnaire could probably not be filled out in detail at any of the other posts with less effort than he would require: he had a good office, with good files, knew his territory from three years of intensive service there, had as good information contacts as an official could have.

Being of a mathematical turn of mind, he took a pencil and paper and figured that if this did go to thirty separate officers of the Bureau of Foreign and Domestic Commerce, and did get the detailed answers and the detailed attention that the sender evidently expected from his covering letter, it would take the full time of thirty trade commissioners or commercial attaches, and, incidentally, considerable time on the part of stenographers and clerks, during a minimum period of two weeks. That would be a total of sixty weeks of service on the part of the responsible heads of the offices, in addition to the clerical work. Roughly, he figured it out that the cost of handling that questionnaire, as the sender wanted it to be handled in every one of the thirty offices, would total somewhere in the neighborhood of \$10,000.

### And They All Got 'Em

The trade commissioner went through this course of reflection and computation in as little time as it takes to tell it, and did not allow this mental pastime to detract from his work. He had a couple dozen commodity and geographical and technical divisions of the Bureau of Foreign and Domestic Commerce writing to him for information in their fields, and that same incoming overseas mail had brought him inquiries from fifteen or twenty other concerns. On his own initiative he was working on several other topics, so there was really no dearth of things to do or things to think about.

He had had questionnaires before, and had given them reasonable attention, always trying to give the inquirer the maximum help possible. This particular questionnaire, however, was so palpably goat-getting as to lead to the concentration of thought on the subject of what is, and what is not, a reasonable use of the questionnaire when addressed to a United States government official (specifically a trade commissioner or commercial attache) in a foreign country.

Our trade commissioner had this thing still on his mind when he dropped in at the club for lunch. There he happened to bump



# They Came to the Fire But Choked the Hose

**G**ENERATIONS of uninterrupted growth had established an enviable national reputation for a trade-marked line of farm machinery. Then came the slump in prices, combined with unusual capital requirements. Something had to be done—and done quickly.

A committee of bankers assumed control of the business. Expenses were pared; personnel was revised and reduced; practically all advertising was abolished.

Faced with the necessity of moving the finished products, the sales manager urged dealers to stock freely. Meantime, nothing was done to create a demand upon the dealers. Naturally, the dealers declined to do at their own expense what the manufacturer seemed unwilling to do. As a result, sales lagged.

The creditors had come to the fire, but they choked the hose. They shut off the vital current of advertising which would have protected the good will, created consumer demand

and effected a normal turnover. Meanwhile, a competing concern continued its advertising and was able, in spite of unfavorable conditions, successfully to reduce its inventory.

For two years, farmers have repaired their old implements. Now, with returning prosperity, their requirements are far above normal. There is a rich field ready for harvesting by those implement firms that will advertise intelligently. And experienced implement manufacturers consider *THE COUNTRY GENTLEMAN*, with its 800,000 subscribers, the leading medium for this purpose. It is, in fact, the *one* national farm paper that is read throughout the country, both by leading farmers and progressive dealers.

Upon request, *THE COUNTRY GENTLEMAN* will gladly send a representative to explain the most practicable methods of winning and holding the good will of farmers and their families.

## *The* COUNTRY GENTLEMAN

The Curtis Publishing Company, Independence Square, Philadelphia, Pennsylvania

*The Country Gentleman*

*The Saturday Evening Post*

*The Ladies' Home Journal*



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First, the engineering staff—accurate measurements for layout, careful detail drawings, and the design of special parts.

Second, the warehouse—coal strike, steel strike, don't matter a great deal for we can go for a long time on our stock here.

Third, the shops—here the bends, valves, connections, etc., are actually made; good materials and workmanship assure satisfactory products.

Fourth, the erection crew—old hands at the game, schooled in both theoretical and practical knowledge and supervised by a graduate engineer.

A glimpse into "National" service. May we not also serve you?

We have just issued a very valuable and exhaustively complete text book on Piping Equipment, and shall be pleased to send a complimentary copy (upon request for Catalogue 5A) to those officials who are or who may be called upon to discuss and to solve piping problems.

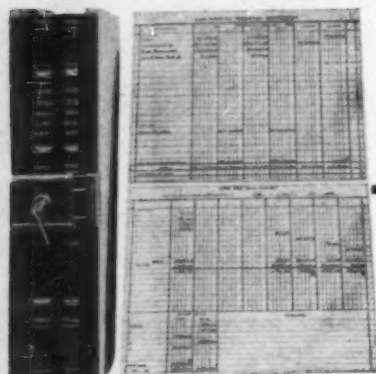


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### A Practical New Year's Suggestion

### Save the Business Conditions Maps!

(which you get in every issue of  
The NATION'S BUSINESS)

If you do this, by the first of next year you will own a complete history of 1923, month after month—which you can actually use in estimating sales by territories.

### Did you get this issue on December 27?

This copy was mailed to you to reach you on December 27. Did it come on time? If not, please write and tell us, so that we can check the matter up and see that it does not happen again.

into his colleague, the American consul general at that post. They were chatting over the news that had excited their chief attention in the newspapers and periodicals that had come in with the morning's mail. All of a sudden, the consul general remarked: "Say, you ought to see the Lulu of a questionnaire I got about trade conditions, merchandising, finance, insurance, production, geography, climate, and public health in this morning's mail. I couldn't answer that questionnaire completely if I put a year on it. And the worst part of it is that I had such a fine personal letter accompanying it, showing that these people rely on me to come through with the information."

Our trade commissioner friend checked up with him right away and discovered that the questionnaire and the fine personal letter accompanying it were identical with the questionnaire and the fine personal letter that had greeted him the same morning. Their complacency over the fine personal letter immediately descended several degrees.

But that was not the whole story. It turned out that the exporter in question in the United States had sent that same questionnaire and that same palaverer letter to every American consul in every seaport and center of trade in the foreign country in question. But it did not stop there. He had likewise sent it to the American chamber of commerce in the principal center in that country. But that was not all, either; he had sent it to every local chamber of commerce in that country, likewise to two local companies that had represented his company on one occasion or another, had sent it to at least two banks in that foreign country, and had sent it to at least one insurance company in the country in question. Reports are not all in yet. Several precincts remain unheard from, and it may be that it will turn out that this particular questionnaire went to every bank and every insurance company, and maybe to a few more institutions as well!

This is a strictly true story, fishy as it may sound. We have not heard from the trade commissioners or consuls or American chambers of commerce in other countries, but we do not doubt, from the thoroughness with which this questionnaire was exploited in one foreign country—and that not a very great country—that it has percolated through to the uttermost ends of the commercial world. Maybe, somewhere, somebody is actually spending time on answering it. Our trade commissioner friend said that, figuring that possibly "half the country was sitting up nights answering the questionnaire, I could not see my way clear to join the army. To my humble way of thinking, such a man is a downright pest and should be curbed."

We submit that the trade commissioner has made a proper diagnosis of the case and that this ought to go down in medical history as a properly recorded case of informationitis. We may be wrong, but we have an idea that this disease spread rapidly in the United States during the war and that at one time it showed an epidemic tendency, the war-board type of questionnaire being the commonest recognizable symptom.

[P. S.—Dr. Julius Klein, Director of the Bureau of Foreign and Domestic Commerce, and chief consulting surgeon on the ills of exporting, tells us that if these questionnaire writers would only take up their troubles with the bureau at headquarters in Washington they could get promptly a considerable share of the information they seek, and that the bureau experts would be glad to send abroad reasonable requests for supplementary information when the files in Washington do not cover the case.]





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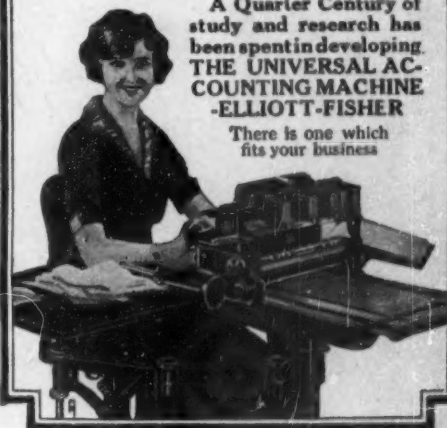
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## A Dead Loss to Industry

*\$173,500,000 is the annual loss to industry because of the use of poor or improperly designed containers.*

*This estimate was made by the Forest Products Industrial Research Laboratory maintained by the United States Department of Agriculture in co-operation with the University of Wisconsin.*

*It does not include lost time, lost goodwill, lost sales effort, excess overhead expense and other factors of waste impossible to compute but none the less certain*

## This Loss Can Be Prevented

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Louisville, Ky.

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New Orleans, La.  
Pearl River, La.  
Sheboygan, Wis.  
Winchendon, Mass.



## Some Recent Books on Business

**EXPORT MERCHANDISING**, by Walter F. Wyman. McGraw-Hill Book Company, New York, 1922.

Export trade, discussed exclusively and in detail from the standpoint of merchandising, is the subject of this new book by Walter F. Wyman, sales and export manager of the Carter's Ink Company. The book stands out as one of the striking contributions to the foreign trade literature of the United States. It deserves a place on the shelf or on the desk alongside of B. Olney Hough's "Practical Exporting" and "The Exporters' Encyclopaedia." The writer is a practical man, who has for years shared with his colleagues his own discoveries, the benefits of his own experience, and his own judgment in connection with selling lines of specialties all over the world. Mr. Wyman's writings in various foreign trade periodicals have been frequent and voluminous. He announces his conclusions and sets forth his ideas and stands by them. His "Built-in Export Department" idea has been one of the most discussed phases of the technic of export organization. In his present book Mr. Wyman has elaborated on the "Built-in Export Department" and discussed export correspondence, advertising, the export catalog, samples, the testimonial, the various classes of export agents, the export manager, the export salesman, the use of the export commission house, and the elements of typical export sales campaigns.

Mr. Wyman is not a fanatic on export trade, is not urging it for its romance or any other intangible lure, but makes his starting point the following:

"Profit is the justification of export trade; honest profit—net profit over a long term of years coming from honest goods honestly sold."

He then proceeds to tell how his company has sold goods and how other companies, well established in the export business, have sold goods abroad and, presumably, made the profit. This is not a book to tell you how to make out consular invoices, or figure C. I. F. quotations, but rather a book showing channels and methods for getting and holding export business. Mr. Wyman not only knows his subject but also knows how to write, and the result is a pleasant and profitable piece of reading.

**COMMERCIAL TRAVELERS' GUIDE TO SOUTH AMERICA**, by Ernst B. Filsinger. Bureau of Foreign and Domestic Commerce, Washington, 1922.

In 1920 the Bureau of Foreign and Domestic Commerce issued, as Miscellaneous Series No. 89, a "Commercial Travelers' Guide to Latin America," written by Ernst B. Filsinger, export manager of Lawrence and Company, a well-known writer on Latin American commerce. This handbook by Filsinger was welcomed with as much enthusiasm as any contribution to foreign trade literature that the Bureau of Foreign and Domestic Commerce has ever turned out. It was a monumental job, covering all of Latin America from the Rio Grande to Punta Arenas, city by city, giving just the information, about travel, banks, hotels, climate, business, customs treatment of travelers' samples, and numerous other details, that the American commercial traveler needs to know. There were some gaps and some slips, but in general the report stood out as the best thing of the kind ever made available to commercial travelers. It was not long before the large first edition was exhausted.

And now, after several months' delay, the revised edition of the "Commercial Travelers' Guide to Latin America," sold by the Superintendent of Documents, Government Printing Office, Washington, D. C., at a price of \$1.25, is on the market. Whatever deficiencies there were in the original edition have been made up in this revised edition, which has nearly 150 pages of additional text, some strikingly

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Every time you write a check for an insurance premium, you pay also an invisible *tax* to your Government. The cost of collecting this tax is *ten times as high* as the cost of collecting the ordinary tax. In the February issue of *The NATION'S BUSINESS* you will find an article about this subject, which is the first of two, on Invisible Taxation and the Politicians.

good outline maps, and one general map of Latin America. The Guide starts in with a detailed discussion of salesman's equipment, covering everything from catalogs to greeting cards, various passport requirements, requirements for salesmen's licenses, and samples, discussion of the cables and mails, including mail times, cost of travel, wardrobe, and health precautions. There is then a section of twenty pages on transportation, followed by ten pages on "What to Do on Arrival." Following are about 600 pages of detailed information, country by country, island by island, and town by town. Finally, there is an appendix showing United States consular officers in Latin America, followed by a bibliography of especial value to the business man.

"The Commercial Travelers' Guide to Latin America" is bound up in buckram and is a good looking book for any book shelf, and anyone interested in Latin American trade would do well to acquire it.

OUR ECONOMIC ORGANIZATION, by Marshall and Lyon. The Macmillan Company, New York, 1922.

This is a textbook designed for college students. It gives the necessary background of our present economic organization without going into excessive detail. The whole book is interesting and is the result of patient and intelligent research. It has no fads or frills, nor is it propaganda of any sort. It shows up clearly the interdependence of modern industry; it incorporates the best thought in management; it is thoroughly up to date.

The specimens of problems at the end of almost every chapter ought to bring out a very stimulating discussion; nor should the appeal of the book be confined to the classroom. It is of value to the ordinary layman, who has never stopped to consider just how our economic organization is built up.

The book brings out the fact that the well-being of society lies in the cooperation of specialists. The following quotation brings out the point of view:

"If our productive energy—land, labor, capital, acquired knowledge—were applied in such an unbalanced way that it was all used in producing clothes, we should find ourselves short of food and shoes and countless other commodities and services. If we should use all of our productive resources in producing meat, watches, automobiles, and battleships, we should find ourselves lacking in physicians' services, books, houses, and all the other multitudinous means of gratifying our varied wants. In actual fact, we seldom find the things we want existing in exactly the right balance, as we see the matter. Many of us feel that it would have been better to have produced fewer pleasure cars and more medical care, food, and clothing. But matters could be so much worse—so much more poorly balanced—that we have come to say that the various things we desire are available for us in roughly the 'right' amounts. In some manner this cooperation of ours, which is carried out by authority and through exchange, is *regulated or guided*. In some manner our productive resources are apportioned so that we have in roughly appropriate quantities the various kinds of commodities and services we desire."

The book is not a justification of the Ten Commandments. Its purpose is to give those desiring to build anew or to improve industrial conditions the proper apperceptive basis of what has gone before, and likewise an insight of the difficulties to be faced.

BUDGETARY CONTROL, by J. O. McKinsey. The Ronald Press Company, New York, 1922.

This is a detailed presentation of the various phases of budget-making—the sales budget, selling expense budget, advertising budget, production budget, materials budget, labor budget, welfare expense budget, plant and equipment budget, financial budget, etc.

It concerns itself almost entirely with budgetary procedure and budgetary machinery. It



contemplates the establishment of definite budgetary routine, preferably with a regular budget officer, such as an assistant to the president. The presentation is detailed and coherent, but the objection is that it will rather frighten not only the small but the average-sized concern. They cannot allow themselves such a luxury as an assistant to the president in charge of budget matters.

The author has done an important work in aid of the movement to introduce the budget into private enterprises. The point now to bear in mind is that it is equally important to stress the fact that budgetary forms and procedure will not of themselves give control of a business, nor will they set in motion those wise policies by which enterprises grow and prosper. Beneath the forms and routine must be wisely conceived direction, of which the forms and methods are but the instrument.

Considerable has been written recently of the mechanics of budget-making, and not always with the undeniably analytical power of the author, but very little on the whole has been written on the spirit behind the budget. It is this spirit which will determine in the last analysis whether the forms and procedure shall have meaning and usefulness, or whether they shall constitute but another addition to the administrative red tape now cluttering business.

By the term, "The spirit behind the budget," are comprehended such matters as the following:

**Sales**—The establishment of sales quotas or standards, market analyses, improved methods of paying salesmen, organizing salesmen's time, better distribution of selling expenses.

**Production**—The use of business statistics, attention to the business cycle, steps to provide continuity of operation, standardization of products and elimination of excess varieties, the scheduling of work, introduction of time studies, operation under standard costs, finer analysis of manufacturing expense, control of purchases.

**Finances**—A sensible financial goal. The business man who has clearly decided what he hopes to accomplish with the budget, can safely turn to Mr. McKinsey's book for guidance as to budgetary procedure and routine, but with the modification that if he is a small or medium-sized manufacturer, he will have to sift the material very carefully and accept only that which is indispensable to the safe and economical control of business.

### Other Books Received

- FOREIGN TRADE MARKETS AND METHODS, by Clayton Sedgwick Cooper. D. Appleton and Company, New York, 1922.
- THE ABC'S OF BUSINESS, by Henry S. McKee. The Macmillan Company, New York, 1922.
- INDUSTRIAL UNIONISM IN AMERICA, by Marion Dutton Savage. The Ronald Press Company, New York, 1922.
- BANKING AND CREDIT, by Davis R. Dewey and Martin J. Shugrue. The Ronald Press, New York, 1922.
- SURETY BONDS; NATURE, FUNCTION AND UNDERWRITING REQUIREMENTS, by Edward C. Blunt. The Ronald Press, New York, 1922.
- A CRITICAL ANALYSIS OF INDUSTRIAL PENSION SYSTEMS, by Luther Conant, Jr. The Macmillan Company, New York, 1922.
- MANAGEMENT OF THE SALES ORGANIZATION, by Frederick A. Russell. McGraw-Hill Book Company, Inc., New York, 1922.
- THE SHOE INDUSTRY, by Frederick J. Allen. Henry Holt and Company, New York, 1922.
- TRADE ASSOCIATIONS AND THE LAW, by Franklin D. Jones. McGraw-Hill Book Company, New York, 1922.
- MOTOR VEHICLE TRANSPORTATION, by Henry C. Spurr. Public Utilities Reports, Inc., Rochester, N. Y., 1922.
- TRADE MARK LAWS OF THE WORLD, compiled and edited by John H. Ruege and W. B. Graham. Trade Mark Law Publishing Company, New York, 1922.

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## Log of Organized Business

### Another Arbitration Agreement

THE signing of a commercial arbitration agreement with the Chamber of Commerce of Bogota, Colombia, has just been announced by the Chamber of Commerce of the United States. This makes eight Latin American countries with which the United States Chamber now has agreements. The other countries are Argentina, Brazil, Ecuador, Panama, Paraguay, Uruguay and Venezuela.

The agreement was signed by Carlos Echeverri Cortes, vice-president of the Bogota Chamber of Commerce, and Julius H. Barnes, president of the Chamber of Commerce of the United States.

The agreements provide that the United States Chamber and the commercial organizations with which the agreements have been negotiated shall urge that business men in transactions in the trade between the United States and these Latin American countries use a standard clause to the effect that, in the event of controversy concerning interpretation, fulfillment or performance of the contract, the dispute shall be submitted to arbitration.

The salient feature of the agreements is that the plan rests entirely upon the voluntary assent of the persons engaged in the trade and upon the influence of the commercial organizations to enforce the awards that are made. The parties agreeing to arbitrate are free to choose their own arbitrators, and the official arbitrators on the lists maintained by the organizations are called upon only in the event that the parties to a controversy fail themselves to name arbitrators.

Being an arrangement between commercial organizations of different countries, the plan makes a striking advance over practically all earlier forms of arbitration. It is devised to give assurance that arbitration will be supervised by representatives of both countries. The fact that an arbitration takes place in the United States does not mean that it is conducted entirely under the auspices of the Chamber of Commerce of the United States, or of a committee designated by it; on the contrary, the arbitration proceeds under the supervision of a committee on which there are representatives of the foreign Chamber of Commerce quite as well as representatives of the Chamber of Commerce of the United States. This principle of joint representation is carried through all parts of the plan. Thus the circumstances that a seller is in Bogota and a buyer in the United States does not prevent each from having assurance that his point of view, and his conditions, will have attention.

In formulating the agreements it was necessary to draw up detailed rules to cover every contingency that might arise, but arbitration procedure under the plan is ordinarily quite simple. It is provided that the parties shall fix in the contract the place where arbitration is to occur, but, should they not do so, the rules stipulate that arbitration shall take place in the country in which the consignee resides. Insertion of the standard clause in a contract binds the parties to designate representatives to act for them in arbitration proceedings, these persons either being named in the contract or designated at a later date. With an agreement to arbitrate accepted, the place of arbitration fixed, and representatives named to act for the principals, the way is open for the parties

ties to select their own arbitrators and speedily adjust their differences.

In the event that they do not agree upon arbitrators within thirty days after either one has given notice of his desire to arbitrate, the committee on arbitration in the country in which arbitration is to occur is authorized to select three impartial persons, who may proceed to adjust the dispute as if they had been agreed upon by the parties. Thus recourse is had to machinery provided by the agreement only when the parties agreeing to arbitrate fail themselves to effect an adjustment. The real worth of the plan lies in its inducing merchants to adjust their differences through arbitrators of their own selection.

Many benefits are derived from the plan in cases which do not reach the stage of formal arbitration. The existence of the plan has called attention of merchants in the several countries to the readiness of the commercial organizations to use their good offices in removing misunderstandings upon which most controversies, in the final analysis, are based.

### Chamber Favors Subsidy

AMERICA'S position as second maritime nation of the world cannot be maintained without the grant of government aid to present and prospective ship owners. This statement was made by Elliot H. Goodwin, resident vice-president of the Chamber of Commerce of the United States, in a letter to members of the Senate.

"Between 1914 and 1922," writes Mr. Goodwin, "no subject so constantly occupied the attention of the business men of the nation included in the widespread membership of the Chamber of Commerce of the United States as the question of promoting our merchant marine."

"In 1914 and 1915 important studies of this question were made by a special committee of the National Chamber, and stress was laid upon the importance of omitting no effort which would make our country independent of foreign shipping which was likely to fail us in a national crisis. Our membership in August, 1915, by a vote of nearly three to one, coming from thirty-nine states, the District of Columbia, and American Chambers of Commerce in Alaska, Hawaii, the Philippines, Porto Rico, and Paris, France, favored subsidies from the Government sufficient to off-set the difference in cost between operation of vessels under the American flag and operation in the same deep-sea trades under foreign flags."

"Since then the Marine Bureau of the National Chamber and special committees have constantly reviewed world conditions and their relationship to our commercial prestige and national safety and found additional impelling reasons as time went on for urging the maintenance of the original policy. In March, 1920, in a new referendum, the National Chamber's membership by a vote of over fifteen to one, coming from forty-four states, the District of Columbia, and American Chambers of Commerce in Hawaii, Porto Rico, Alaska, Mexico, Italy, France, and Cuba, favored a "general declaration by Congress to give aid toward the maintenance of a privately owned and operated American Merchant Marine."

"Again in 1922 the subject was brought before our membership. At our annual meeting a resolution was unanimously adopted



favoring an adequate privately owned and privately operated merchant marine, with aid from the Government, which is essential to the maintenance of such a merchant marine.

"It was recognized then that our position as the second maritime nation of the world, newly gained as a result of ship-building operations during the war, could not be maintained without the grant of Government aid to present and prospective owners of our ships.

"We urge your earnest consideration of the position of the membership of the National Chamber upon this important matter of a ship subsidy."

### School Survey

SOME unusual facts regarding health and physical education in elementary schools have been brought out in a survey made in 160 cities by the Civic Development Department of the Chamber of Commerce of the United States. The survey was made through local commercial organizations.

The purpose was to determine what opportunity is given children to develop physical stamina capable of standing the strain of future commercial and industrial life.

"In the 160 cities," says a report of the survey, "there are a total of 3,018,896 elementary school pupils. Although it is obviously important that all children be given a medical examination when they apply for admission to the schools, 98 out of the 160 cities do not give such examinations.

"There can be no doubt that much disease is spread because of this neglect. One hundred and three cities reported that they had school physicians and 54 that they had none. In spite of the fact that the conservation of eyesight is a most important factor in the future success of the individual, instruction in the care and use of the eyes is not given in 39 of the cities."

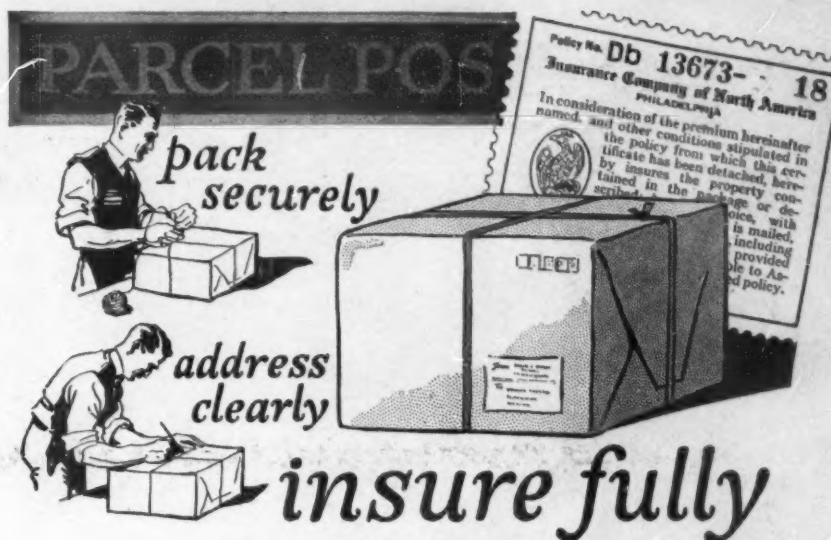
In 41 cities open air schools or classes are provided for those who are physically sub-normal, while 91 cities reported inadequate playgrounds and 54 do not have supervisors for play. Sixty-six of the cities participating in the survey do not have school dental clinics. School nurses are found in all but 25 of the cities. Thirty-four cities keep the parents informed monthly by means of the report card as to the child's weight record. In 44 cities the matter of nutrition is being vigorously attacked, the school children being provided with milk in the middle of the morning and afternoon. Sixty other communities furnish milk to those pupils who are undernourished.

A number of conclusions are drawn from the results of the survey, the most important of which are given as follows:

"The conservation of health is a great economic problem challenging the country's best thought. National health is the basis of national efficiency. Up to a short time ago it was customary to neglect health education, and as a result our schools turned out many 'educated invalids.' Now our educational system must answer the question propounded by Dr. G. Stanley Hall, 'What shall it profit a child if he gain the whole world of knowledge and lose his own health?'"

"There are hundreds of thousands of premature and unnecessary deaths in America every year. The nation needs to conserve life for the development of its enterprises.

"Let us not confuse physical education with the highly specialized system of team athletics so much stressed in some schools. A system which develops eleven players while a thousand idle youths look on will never go far in raising the physical efficiency of America.



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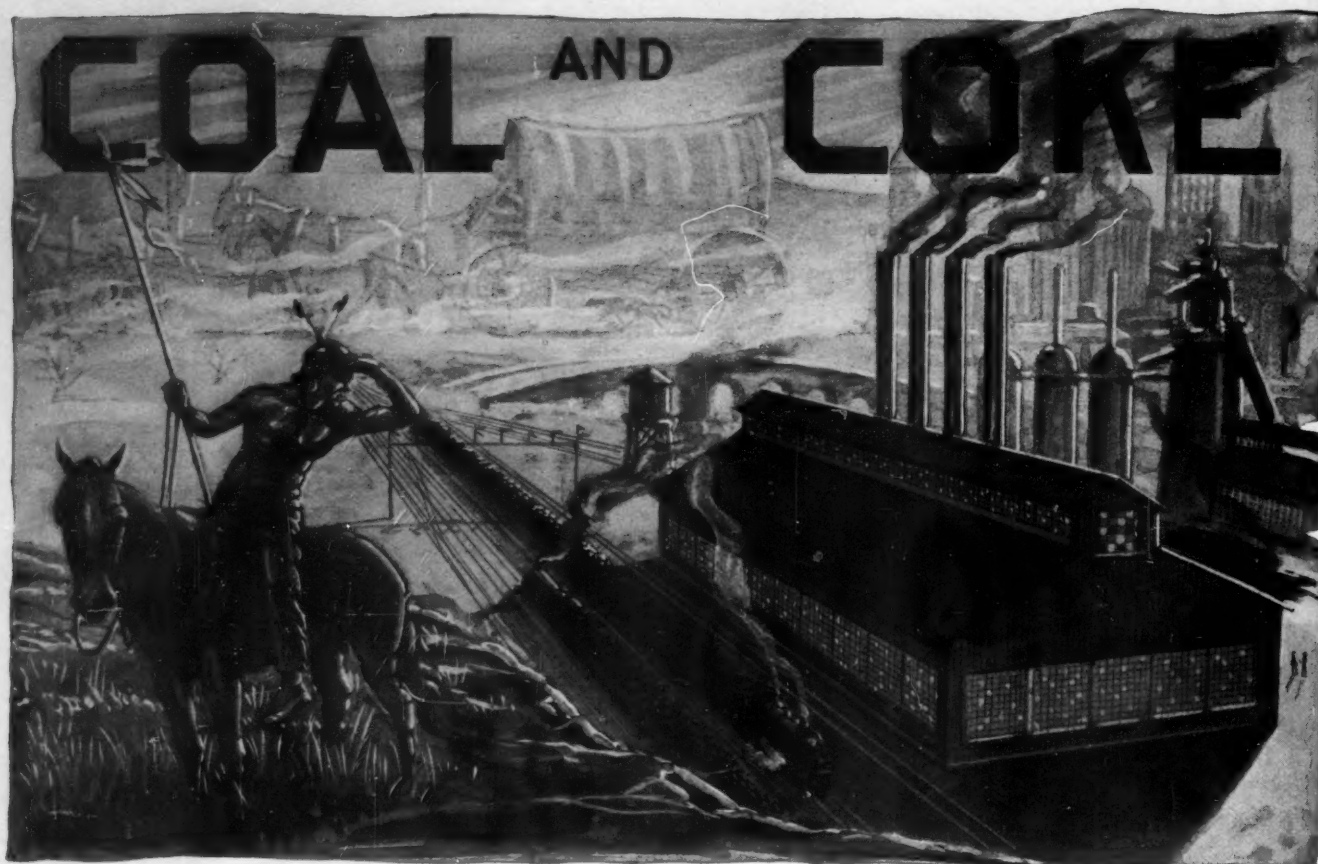
Tear out the article by P. W. Wilson on page 21 and send it to him with this coupon. If he doesn't now receive **THE NATION'S BUSINESS** he will probably seize the opportunity provided below to try it for 4 months, after which time he will know whether he wants it permanently or not. Send him the Wilson article (or any of the others) *with* this coupon.

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"Every step forward taken by a city in solving the school health problem marks an advance in its business and industrial well-being. Many Chambers of Commerce as a result of the survey are giving the city school interests an important place among the year's activities."

#### More Warehouses Needed

ADEQUATE storage facilities in this country would help to solve the railroad problem, in the opinion of Alvin E. Dodd, manager of the Domestic Distribution Department of the Chamber of Commerce of the United States. Speaking before the American Warehousemen's Association in session at Cleveland, Mr. Dodd said that the effect of freight embargoes would be modified if there were sufficient warehouses to take care of the surplus products during the peak seasons.

Pointing out the great losses which result each year from insufficient storage facilities, Mr. Dodd said that in a recent trip through Texas he saw enormous quantities of cotton piled in the open, exposed to the weather, suffering real damage, but the worst than that, losing negotiable value because of the conditions under which it was being held. He called attention to the fact that apples in the northwest and in the northeast are rotting on the ground today because of inadequate storage facilities and a shortage of cars in which to ship. The same conditions prevail in California, he said.

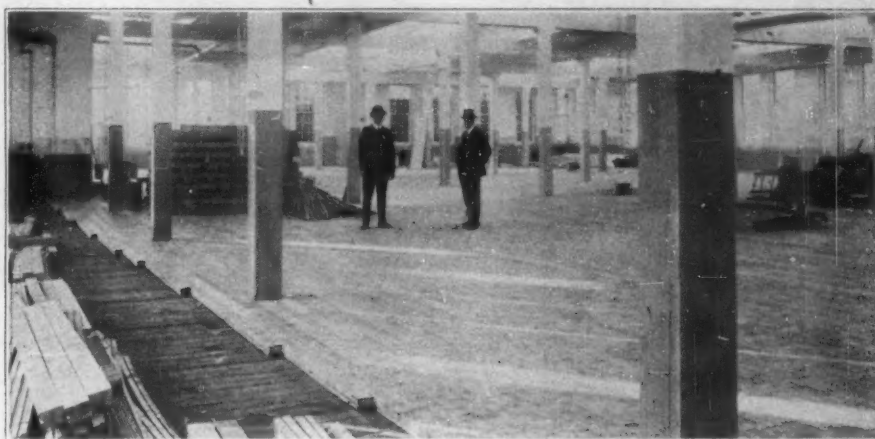
"Only eighteen months ago," Mr. Dodd said, "we witnessed the greatest surplus of equipment ever known in the history of the United States. Today we are passing through another historic experience—the greatest car shortage ever known. There is no rhyme or reason in blaming the transportation lines for this condition. They are the victims when a victim is needed, but never under any circumstances are they the victors. A railway management which should attempt to provide itself with all the equipment necessary to carry the greatest traffic offered would bankrupt its company. There is no reservoir in which to catch the flood waters of production and hold them safe for the coming dry season.

"The warehousemen of this country are the custodians of this function and the whole question cannot be studied too intensely. Sooner or later warehousing will be regarded as a public service equal in importance to that of transportation."

#### America's Bigness

THE INDUSTRIAL expansion of America is the most striking change of the last generation, Julius H. Barnes, president of the Chamber of Commerce of the United States, recently declared in an interview. In twenty years our population increased 40 per cent, but during this period there was an increase of only 4 per cent of those engaged in agriculture. Nothing in this development warrants the view that it indicates a national decadence, either economically or socially. The farm is using the devices of industry in the saving of man power, and the farm record of expansion of production in these twenty years is reassuring on the question of adequate food supplies, for any future.

This same industrial era has lifted much of the drudgery from farm work and greatly widened the social attractions of farm life. The telephone, the hard surfaced road, and the automobile, have strengthened not only the social attractions to farm life but have



## An End Grain Flooring that Lays Smooth and Stays Smooth

In the illustration above, 23,000 sq. ft. of Bloxonend is being laid over a worn plank floor in the plant of The Silk Finishing Co., of America, New York City. Notice the smoothness—the compactness—the brightness—of the finished floor.

And under the most grilling service, a Bloxonend floor will stand-up and stay smooth for years. The Southern pine blocks on end which form its surface come to the job dovetailed onto base boards averaging 7½ ft. in length. When laid, these built-up strips are joined with nails and splines. No loose blocks to work up from the base under changing conditions—a Bloxonend floor is one composite mass. By our lateral nailing method, Bloxonend is laid over old or new concrete floors without embedding sleepers.



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## Who's Who on the subject of DISTRIBUTION

Seven people—all DOERS—are writing for you the articles on "the spread between the Producer and the Consumer," as Sydney Anderson, author of the first in the series, in this issue, phrases it. And here are the authors of the other six articles. Note them:

L. H. D. Weld, *Head of Research Section*, Swift & Co.  
Mrs. Alice Ames Winter, *Pres.*, General Federation of Women's Clubs  
P. L. Gerhardt, *Vice President*, Bush Terminals, Inc.  
Carl R. Gray, *President*, Union Pacific System  
William A. Durgin, *Specialist*, Dept. of Commerce  
A. Lincoln Filene, *Pres.*, Wm. Filene's Sons Company

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The Budget protects profits by preventing loss. It justifies the spending of money by *necessity and expediency*—not by tradition. It is the one dependable safeguard against overproduction, overexpansion and overexpenditure. It is the cause and effect of financial policy.

It is the link of confidence between business and its creditors.

Insure profits for 1923 by making your Budget NOW.

It has been the pleasure of the Ernst & Ernst organization, for many years, to cooperate with firms, nationwide, in preparing, and providing means for the constant and accurate checking of, the Budget.

## ERNST & ERNST

AUDITS — SYSTEMS  
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PROVIDENCE	ST. LOUIS	DETROIT	RICHMOND	HOUSTON
WASHINGTON	KANSAS CITY	CINCINNATI	BALTIMORE	DENVER

immensely strengthened the marketing opportunity and the economizing of production.

In industry, the tendency to augment man production by the increased output of machinery is even more marked. A high grade of directing ability is made enormously more effective today through invention. Telephone and telegraph, the automobile, numberless time and labor-saving devices, all constitute modern aids which project in a dozen directions the directing ability of men of outstanding capacity. The effectiveness of highly specialized direction is further buttressed by standardized production, made secure by the science of chemistry.

It is probable that an accurate survey of the production per man, in agriculture and in all industry, today, would show almost double that of twenty years ago. It is difficult to calculate what this means in added national earnings and income, but perhaps in it lies the explanation of the fact that America is possessed of a substantial prosperity today, in the face of a distinct retrogression in Europe.

### How to Burn Soft Coal

THE FACT that householders will be unable to get ample supplies of anthracite coal this winter means that they will have to learn to burn some of the various grades of bituminous. For the man who has never used soft coal there has been prepared by the Chamber of Commerce of the United States a special bulletin giving some simple rules for firing bituminous, which if observed will enable him to save fuel and at the same time to lessen the amount of trouble he may expect to have.

The householders who have been accustomed to use anthracite will probably find the low volatile, or smokeless, bituminous from West Virginia or Pennsylvania is probably the most satisfactory grade of soft coal for their household use, according to the experts who prepared the special bulletin.

The best method of firing what is called run-of-mine bituminous—i. e., lump and dust mixed—has been found to be as follows:

In starting the fire use the larger lumps.

When the fire is well under way add a thin layer of fresh coal.

When the coal is burning freely scrape the fire as much as possible to one side of the fire box, putting in fresh coal on the side from which the fire has been scraped.

This method leaves the contents of the fire box in the shape of a "V." The live coals are on one side, exposed and burning freely, and the fresh coal on the other side is igniting slowly. When it comes time to fire the furnace again one side will have burned out and the other side will have become fully ignited and coked. Fresh coal then should be put on the side which has burned out.

Bituminous coal in the process of burning will fuse into a brittle, porous mass, forming a crust over the fire. This is coke, and to obtain the best results this coke should be kept broken up with a poker, permitting proper circulation of air. Coke can be distinguished from clinker by the ease with which it is broken up.

In the morning when it is time to heat the house quickly the coke should be broken up; the fire should be leveled and the coke should be allowed to burn freely with a good draft until the house is heated. Then it is time to rearrange the fire as before, the hot coals on one side and the fresh coal on the other. This plan will save coal.

Since soft coal gives off more gas than hard coal and as it burns more freely, the soft coal requires less draft in burning, but more



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care in seeing that the gasses given off are fully consumed or that surplus gasses are allowed to escape up the chimney. Before placing fresh coal in the furnace the smoke pipe damper should be opened and the air check damper should be closed. The fire door should be left open until the gasses ignite to avoid danger of explosion. When the fire door is closed it is well to leave open slightly the small vent in the middle of the door. This allows fresh air to reach the gasses and aid ignition. To control the fire after it is burning regulate with the ash pit vent and the air check damper at the back of the furnace.

### Industry's Part in Education

**B**USINESS men in all parts of the country showed a great deal of interest in the observance of Education Week, December 3 to 9. In connection with Education Week, Julius H. Barnes, president of the National Chamber, issued a statement calling attention to "The Needs of Our Schools."

The statement in part reads:

"Business men have a very definite interest in Education Week. They are parents, citizens and taxpayers and they are also employers of the products of our schools. Consequently it is of concern to them that our schools shall be adequate and that they shall give effective training. Education Week will serve a useful purpose if it brings home to the business men of every American community the necessity of their taking an informed and active part in developing a good school system."

"The United States Chamber of Commerce has recognized this necessity by establishing an Education Service in its Civic Development Department. The Education Service is cooperating with member organizations all over the country in a concerted effort which has three prime objectives; the elimination of illiteracy, the provision of adequate school buildings and equipment, the physical education of school children."

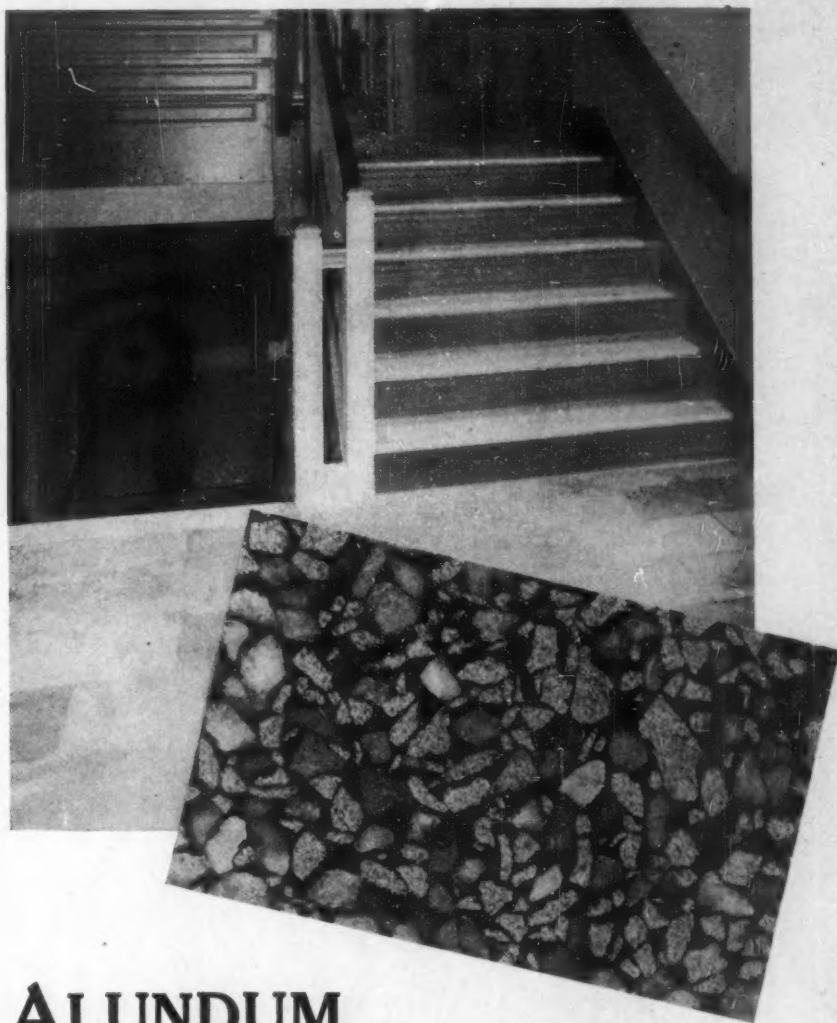
"America faces a serious problem in the provision of the proper rural school facilities. The consolidated school building with its graded classes, with the auditorium and teachers' residence will give a school life and social life to the territory served which will make the thought of city living much less alluring than at present."

"Physical education has received a great stimulus since the war when army examinations showed that nearly one-quarter of our young men suffer from physical handicaps which could have been removed had they been discovered and remedial measures taken in early youth. A sound body is the basis for effective living. Nearly 200 local Chambers of Commerce are co-operating with the Civic Development Department in studying and improving the physical education of school children."

### Why a Budget in Business?

**M**UCH HAS been written recently on the mechanics and machinery of the budget in private enterprise, but little has been said about the spirit behind the budget.

"It is this spirit behind the budget," says E. W. McCullough, manager of the Fabricated Production Department of the Chamber of Commerce of the United States, "which, in the last analysis, will determine whether the forms and procedure of budgetary control shall have meaning and usefulness, or whether they shall mean but another addition to the administrative red tape now cluttering business."



## ALUNDUM Safety Aggregate Tile

A floor for corridors, lobbies and entrances of the finest buildings—banks, theaters, clubs, churches, federal, state, municipal and office buildings.

It is *slip-proof*, wet or dry.

It is supplied in *any* color scheme that the architect desires—the color combinations are limited *only* by the varieties of marble obtainable.

It is made to order to meet the architect's requirements of color harmony.

There is no similar floor that will *wear* as long. The ALUNDUM SAFETY AGGREGATES, besides giving the tile a slip-proof surface, give it greater durability.

ALUNDUM SAFETY AGGREGATE TILE is a safe, artistic and durable product that can be cleaned and kept artistic.

It is made in standard tile sizes.

Treads for stairs are made in any length up to 7' 6" in color combinations to match or harmonize with the floors.

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**T**HE measurement of property values is a specialized, technical science. It requires trained field investigators, comprehensive statistical data and carefully devised standards.

For twenty-eight years The American Appraisal Company has built up and maintained an organization of skilled appraisal engineers and a library of scientific cost data covering costs and values in all industries.

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Mr. McCullough deals with this phase of the subject in a bulletin which his department has just issued under the title, "Budgeting for Business Control." In part, Mr. McCullough says:

The first point in a reasonable financial program is to aim for that amount of business within one's resources to handle which will give a fair return and which is founded upon a conservative view of the real demands of the consumer.

The second is to strive to make the most of capital resources; establishing a production system; by refraining from plunging into expenditure for new plants and equipment where the old will serve the purpose; by placing collections on a reasonably prompt basis; by having purchases in line with production and sales programs and by refusing to act as a free warehouseman.

The third is to regulate current borrowings in such a way that they will be well under control. As the business of a firm expands, the gap between the order and payment date increases, bringing with it a growing need for banking accommodations. These banking requirements are usually granted, for the increase of business is a warrant of the success of the enterprise. New loans are made and old ones are renewed and extended, until almost insidiously grows the conviction on the part of the manufacturer that the short-term accommodations are a fixed contribution to the capital of his business, and he acts and works upon this assumption. Inevitably, the day comes when the bank finds itself pressed for funds and, in turn, calls on the manufacturer for payment, and since such a demand usually comes at a time of business depression, the manufacturer finds himself unable to liquidate. Then very likely reorganization ensues, resulting at best in the short-term funds becoming, upon onerous terms, a part of the funded or long-term obligations.

For all lines, seasonal and non-seasonal, it should be clearly realized that short-time obligations are not a permanent contribution to capital and that manufacturers should hold themselves in readiness to liquidate when required, by at least maintaining a comfortable margin of cash and liquid accounts receivable over current indebtedness. Short-term obligations should bear a definite relationship to the capital, or rather to those assets which are properly coverable by short-term borrowing, and any unwarranted increase in this ratio should be regarded with alarm. The liquidation of debt ought to go hand in hand with the liquidation of inventories or accounts receivable, and it is a danger signal if a given debt should carry beyond the liquidation of the inventory or other transactions for which it was incurred. The practice of some bankers of requiring a sixty to ninety-day liquidation from non-seasonal as well as seasonal lines is a conservative influence and has a salutary effect, even though this requirement may mean only a rotation of loans among other banks.

Included among twenty-five forms presented in the treatise on budgeting as a means of business control is a novel clock arrangement by which the small manufacturer can tell at a glance the daily state of his business.

Clocks, or dials, are devised for each of the principal activities of the business. Each clock has two hands, a red one, pointed at the budget allowance, which remains stationary for the entire month, and a black hand, which is daily set at the amount of money spent by each department. The dials can be arranged so that they can be conveniently contained in a flat box two inches deep, 24 inches wide and 50 inches long, designed for hanging on the wall.

The idea was conceived and put into operation by a manufacturer of optical goods, who found that his organization could be conveniently divided into the following five

### BUSINESS STUDIES

A number of pamphlets are available for distribution by the Chamber of Commerce of the United States. There is given below a list of some of the booklets. One copy of each will be sent free on request. A nominal charge amounting to the cost of printing will be placed on additional copies.

Our World Trade—January to March, 1922.

Free Zones—What They Are and How They Will Benefit American Trade.

International Credits—Referendum No. 1, issued by the International Chamber of Commerce on the application of the Ter Meulen Plan.

Fabricated Production Department—Its service to those engaged in manufacturing and production.

The Railroad Situation—Statement of Secretary of Commerce before the Interstate Commerce Commission.

Trade Association Activities—Correspondence between Secretary of Commerce Hoover and Attorney General Daugherty on Legitimate Activities of Trade Associations.

Overhead Expenses—A Treatise on How to Distribute Them in Good and Bad Times.

Depreciation—A Treatment on Depreciation and Production.

Reduction of Merchandising Expense—Methods which Distributors Are Applying to Ease the Process of Readjustment.

Why a Merchant Marine—Reasons why privately owned merchant marine is a national necessity.

Merchant Marine. National Chamber's Position—Report of Chamber's Committee.

Commercial Arbitration—Statement of the field of arbitration and draft of plan.

Schools of Your City III—Health and Physical Education.

German Competition—Movement of trade as indicated by official statistics.

Perpetual Inventory or Stores Control—How to keep investment in materials and supplies down to the minimum consistent with efficient operation.

Industrial Development—Activities undertaken by Chambers of Commerce.

National Obligations to Veterans—The costs of war borne by the States and the government.

Treaty Ratification—Report of the Committee on Foreign Affairs regarding ratification of the several treaties of the Conference on the Limitation of Armament.

Department of Commerce and Trade Associations.

Merchandise Turnover and Stock Control—Knowing what is taking place, while it is taking place. Study by Domestic Distribution Department.

Analysis of the Senate Tariff Bill—Showing wherein it meets or fails to meet the tariff policy of the Chamber of Commerce of the United States.

Uniform Cost Methods to Aid Production—Address by Arthur Lazarus.

Analysis of the Senate Bonus Bill—Outline of provisions with estimate of cost.

CHAMBER OF COMMERCE OF THE UNITED STATES, WASHINGTON



groups: Material, Factory, Administration, Sales and Advertising.

The five executives at the head of these departments are placed into a business of their own and are told what the results of their next month's activities should be, together with the amount of money they may spend to produce these results. The sales manager is told how much in orders he is expected to get to keep the factory running; the factory superintendent, how much goods he must get out and how much accounts receivable he must create to provide the funds necessary in the following month; the purchasing agent, how much material is necessary to keep a well-balanced inventory and to take care of the plans of the sales department; the advertising department and administration, how much money they may spend in carrying out these plans.

The optical manufacturer describes his experience with this budget as follows: "I secure a fairly complete picture—almost a daily profit and loss statement of my business. This arrangement has the bigger advantage of giving me a picture in place of figures. It warns me much faster than my monthly operating statement of danger ahead, or irregularities in our business, and violent fluctuations. We set our clocks once a day, about 11.30 a. m., for the prior day. This helps in keeping everybody interested—on their toes. We give our budget its share of the credit for having made a profit in 1921."

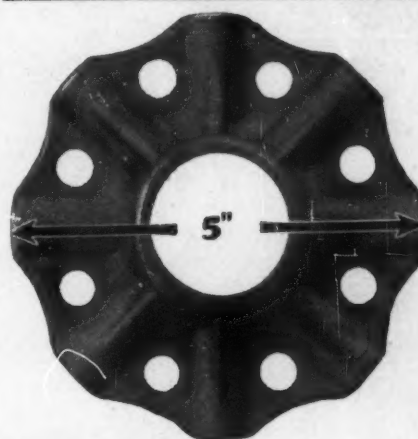
A copy of the pamphlet, "Budgeting for Business Control," may be secured by writing direct to the Fabricated Production Department, Chamber of Commerce of the United States, Washington.

### They Do Come Back

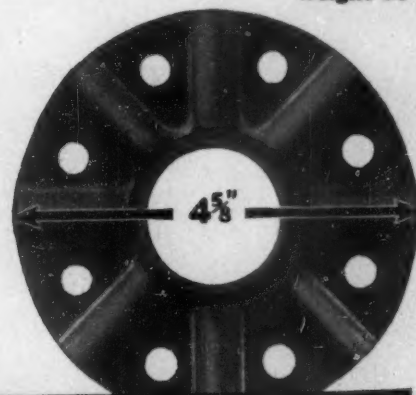
THE OTHER day headquarters of the National Chamber received a letter from a large insurance company, in which it was stated that the company intended to discontinue its membership in the Chamber. This action was taken by the company, "owing to the fact that we do not believe your organization has equipped itself to handle the public problems of the insurance business." The letter from the company further stated that "this would entail the appointment of someone having a wide knowledge of the social elements of insurance, and the actual experience, individual and collective, of the companies engaged in the business, who would act as an educational force in your organizations, and bring to bear the dynamic power of the National Chamber when things are proposed to be done that would be harmful to the institution of insurance. It is no use contributing money where we have no practical representation and where there is no apparent understanding of the things to be accomplished and the way to accomplish them. This is not said by way of criticism but by way of explanation, as we are doubtful whether the National Chamber is able to take care of any more interests than are already under its charge."

In replying to the charges made by the insurance company, Secretary D. A. Skinner reviewed the work of the Insurance Department of the Chamber and enumerated some of the activities that are under way.

After explaining that the head of the Insurance Department of the Chamber has had years of practical experience with the Metropolitan Life Insurance Company, and that the other members of the staff of the department are practical insurance men, Mr. Skinner points to the campaign conducted by the National Chamber against the effort

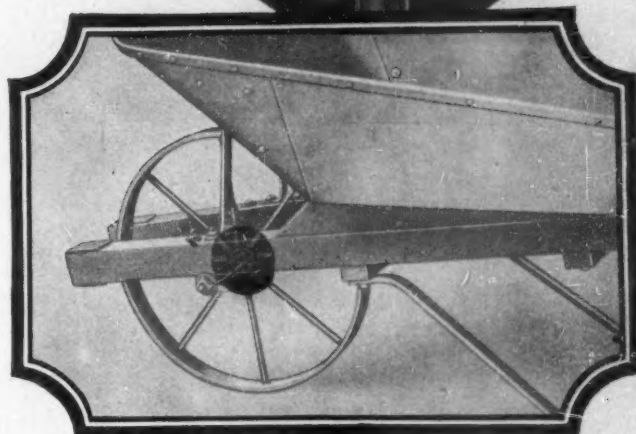


Malleable Flange—weight 17 oz.



Pressed Steel Flange—weight 10 oz.

Showing Flanges as used on wheelbarrows



## A Double-Barrelled Saving with Pressed Steel

THE bogey of large quantity production that confronts every manufacturer is (1) getting parts produced fast enough (2) keeping down the cost of these parts.

"Pressing it from steel instead" helped one of the largest wheelbarrow manufacturers in the country overcome these two difficulties in the wheel flange shown above. The manufacturer had been using malleable cast flanges before our engineers developed the pressed steel flange.

### Here's What Pressed Steel Did—

1. Cut the cost of each flange in half.
2. Increased deliveries of flanges ten fold.
3. Reduced weight 40%.
4. Eliminated expensive drilling and internal grinding operations.
5. Produced parts not subject to breakage in assembling.

### Do You Want to Cut Costs?

We have designed and made pressed steel parts for the simplest to the largest machines—from wheelbarrows to locomotives, and in every case pressed steel was used because it effected a saving. Send us a sample or blue print of any cast part and we will be glad to tell you whether pressed steel will do the same for you.

**"Press It from Steel Instead"**

### THE YOUNGSTOWN PRODUCTS FOR MANUFACTURER & BUILDER

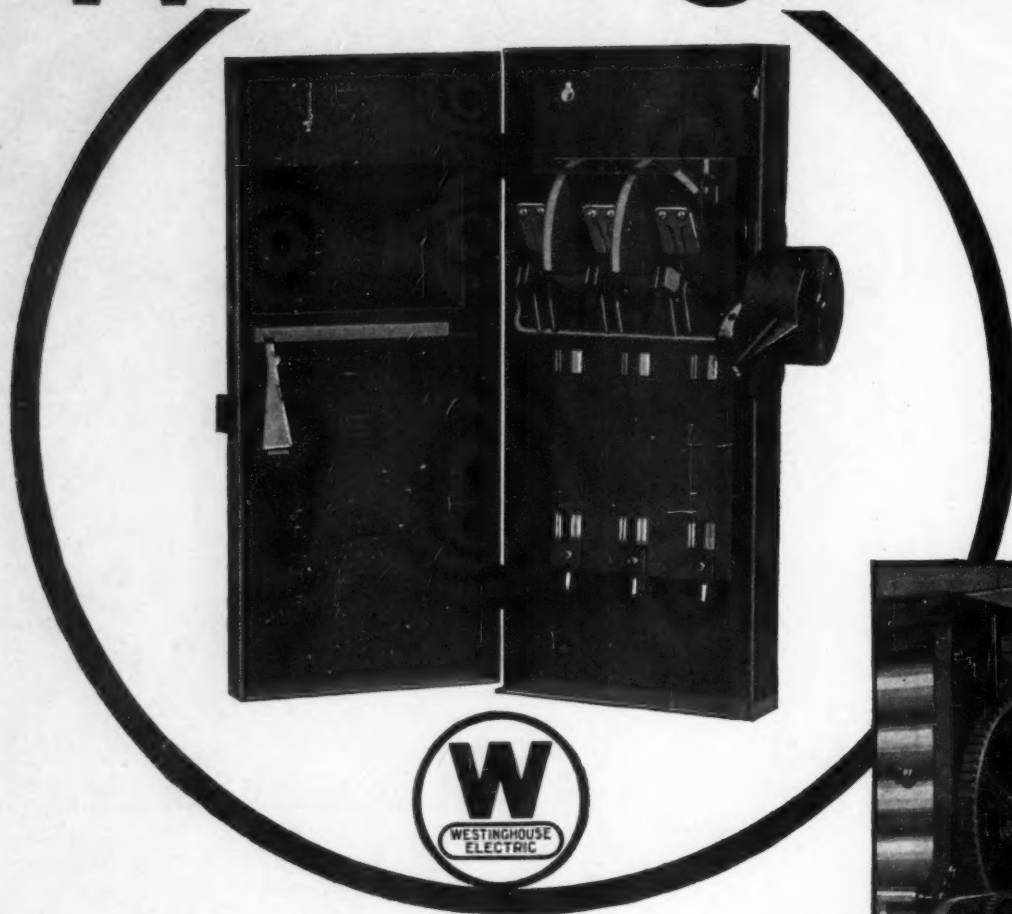
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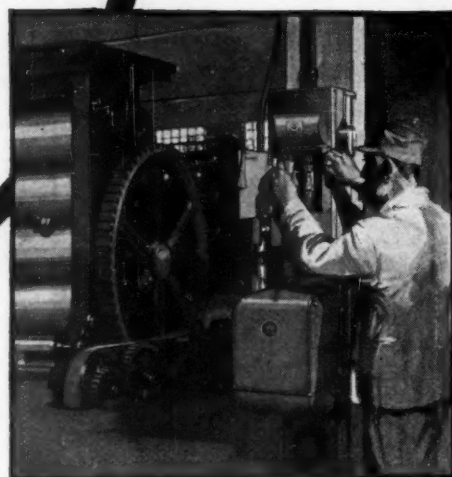
New York—50 East 42nd Street  
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# Westinghouse



The type W. K. 55 switches are of very rugged construction with quick-make and quick-break action to withstand the most severe service in industrial plants. Their capacity and arcing arrangements are sufficient to enable the switch to break the locked current of alternating current motors having full load current rating equal to that of the switch.

The quick-make and quick-break mechanism is so arranged that it can be removed and replaced without disturbing the switch. No person may open the fuse box until the switch is turned off. And when fuse box is open it is impossible to reach any of the live parts of the switch.



This illustrates an application of the W. K. 55 used as a disconnecting switch on the live side of a Westinghouse motor starter in a typical mill installation.

## Protection!

We are making it possible for manufacturers to get switches that offer complete protection to motors as well as to operators.

This sounds like a rather simple thing—but if you will ask anyone who has tried to find switches, or motor starters, that would fulfill these requirements, you may be surprised to learn that such things have been really scarce.

The Westinghouse line of full-safety (meaning just that) switches and motor starters is an interesting one, and is unique in its completeness, as well as being remarkably efficient in its operating features.

The fundamental characteristic of this line is, that it is difficult, and usually impossible, for even ignorant and careless operators to come into contact with any live parts of the switch.

In addition to this, these switches are rugged, long-lived and the best engineering practice has been followed in their designs.

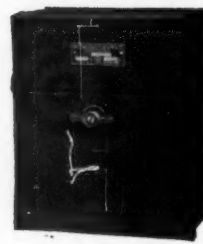
The most interesting thing of all is that they cost very little more than ordinary switches which do not possess their advantages. And the Westinghouse mark is on them!

**WESTINGHOUSE ELECTRIC & MANUFACTURING COMPANY**  
*Offices in all Principal Cities* *Representatives Everywhere*

© 1922 W. E. & M. Co.



Type W. K. 10 motor starters, suitable for motors up to 2 h. p. are furnished in 2 and 3 pole for protection of single phase and three phase motors.



Type W. K. 20 motor starters, for motors up to 5 h. p. are supplied in 2, 3 and 4 poles for single phase, three phase and two phase motors respectively.



made in the last Congress to enact legislation which would have made workmen's compensation insurance monopolistic in the District of Columbia. This bill has not become a law.

"Early this spring," Mr. Skinner writes, "a monopolistic bill for workmen's compensation was introduced in the New York State Legislature. We again expressed our disapproval of this measure and communicated with all of our organization members in the State of New York."

Mr. Skinner then goes on to say that "loss ratios in fire insurance won't be reduced until the business man or policyholder takes an active interest in fire prevention. The National Fire Waste Council, consisting of fourteen of the leading national fire prevention organizations in the United States as well as three Federal Government bureaus, is cooperating with our Insurance Department in this work."

"One of the common problems in all of your interests is insurance taxation. We have a subcommittee which is going into this matter very carefully from the policyholders' standpoint in the belief that some constructive action may be taken by our organization membership. In the event nothing else results from this investigation but the training of the business man to the fact that he is paying the insurance taxes and not the insurance companies, it is well worth while."

"We have stressed in this letter the work of our Insurance Department. We want to add, however, that our appeal to American business firms for support of the National Chamber is never based on purely selfish interests alone. The National Chamber is, as you know, organized to serve as the representative of American business as a whole. It is in that representative capacity that it makes its appeal for the support of all classes of business, in the conviction that "what is not for the public good is not for the good of business."

"The Chamber's services to business as a whole are well known. They include, among other things, leadership in bringing about the adoption of a budget system in the national government, successful advocacy of some of the outstanding features of the Federal Reserve Act, successful advocacy of a broad program for remedial legislation relating to the railroads at the close of the war, successful opposition to the passage of soldier bonus legislation, and repeated successes in opposing the entrance of government into the legitimate fields of private business."

Two days later the company renewed its membership.

#### Winter Sports as an Asset

NEW ENGLAND chambers of commerce have taken front rank in encouraging, for the sake of the pleasure, recreation and health there is in it, the very fascinating game of winter sports. Within a single year, as a result of the activities of the New England chambers, winter sports have come to receive almost nation-wide attention. The Rotary Clubs of America, especially, have taken up the question and are encouraging the development of winter sports locally in areas where snow is fairly assured. The New England Rotary Clubs, fifty-one in number, are seriously considering a series of all winter outings to various sections in New England that are open to winter-time visitors. Several New England Rotary Clubs have already begun arrangements for such outings.

Dozens of other New England institutions are now planning for such outings. This includes a series to be given by the Appalach-



## Give *moving* methods the same attention as *making* methods—it pays

Factory Manager W. A. Smith of the Maytag Company, one of the oldest and largest manufacturers of washing machines, says: "Our loads of parts in process range from 500 to 3000 lbs. We know that with Stuebing Trucks our men are moving all materials with a minimum of rehandling and at the lowest cost per ton."

"Our Stuebing System also saves us the cost of approximately 200 common factory trucks. It

gives us more storage space. Recently we used the Stuebing Trucks to move all our machine shop equipment from one building to another."

One of our interior trucking engineers will be glad to study your material handling conditions without obligation on your part and to make suggestions that will save you money. Write for folder describing the new Stuebing Multiple Lift Truck.



Stuebing Steel-Round Platforms match the Stuebing Lift Truck in strength of build and adaptability of service. They won't wear down or wobble.

### The Stuebing Truck Company

Cincinnati, Ohio

Montreal, Que.

# Stuebing

LIFT TRUCK SYSTEMS

## The War Department's "Educational Orders" for War Supplies

Find out about the plans for placing "educational orders" with manufacturers; about the tentative new "uniform fixed price contract" for war supplies and what the contract contains—read Secretary of War WEEKS' definite article, titled: "Drafting Business in Peace," in this issue.



*Ask your  
Steno-  
grapher*

ONE hundred thousand booklets explaining the "what" and the "why" of War Department surplus are ready for free distribution to responsible persons.

The War Department wants you to know there are a host of bargains to be offered the public in the coming months; and it wants to be sure you know how to get your full share of the benefits for buyers in all War Department sales.

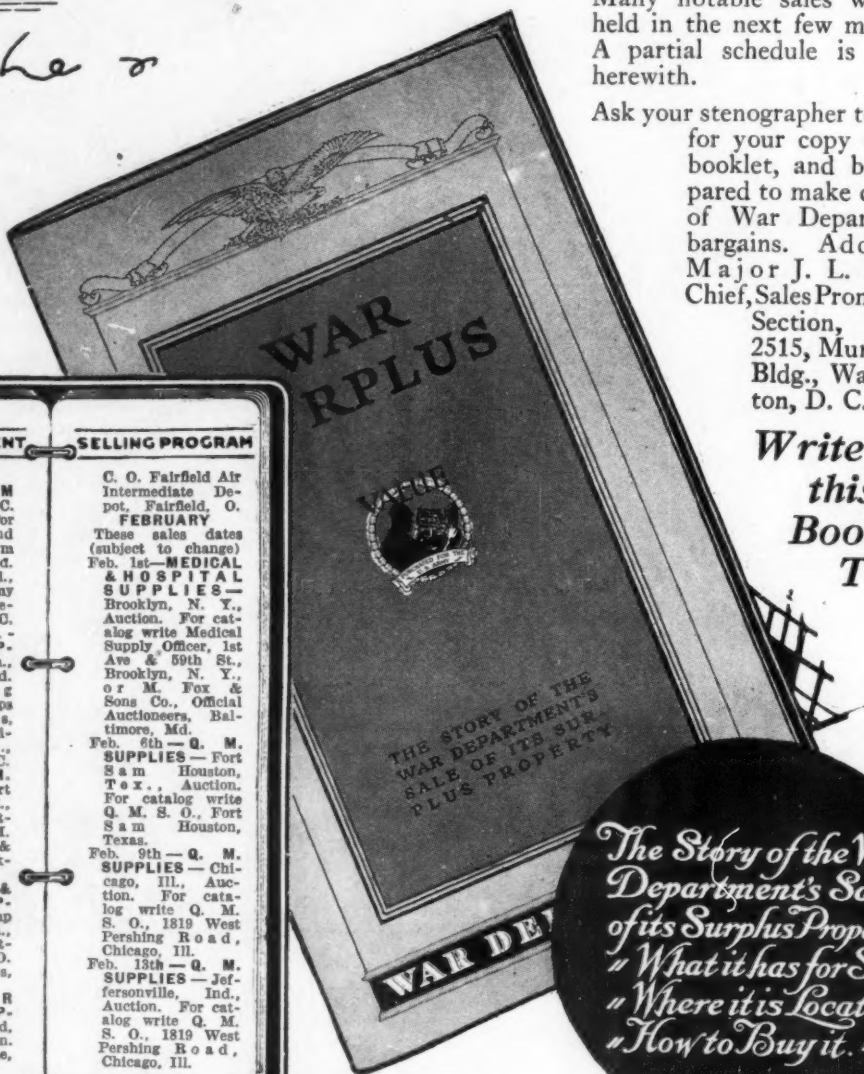
The booklet illustrated on this page will be a decided help.

It explains just how sales are conducted—how simple a matter it is to buy from the War Department; and it gives a clear idea of the wide range of commodities remaining to be sold.

Many notable sales will be held in the next few months. A partial schedule is given herewith.

Ask your stenographer to send for your copy of the booklet, and be prepared to make capital of War Department bargains. Address, Major J. L. Frink, Chief, Sales Promotion Section, Room 2515, Munitions Bldg., Washington, D. C.

*Write for  
this  
Booklet  
Today*



*The Story of the War  
Department's Sales  
of its Surplus Property  
"What it has for Sale  
"Where it is Located  
"How to Buy it."*

**WAR DEPARTMENT**



ian Mountain Club of Boston, various fraternal and social clubs of Boston, Providence, Hartford, New Haven, Worcester and Springfield, and several chambers of commerce, notably the Boston Chamber of Commerce, the Salem Chamber of Commerce, the Malden Chamber of Commerce, and the Holyoke Chamber of Commerce.

The secretaries of the New England chambers of commerce hold five meetings each year, and at each of these meetings, for the past year or more, they have discussed the value of winter sports as a new winter-time tourist industry to New England. Prior to their activities, only eleven resort hotels in New England kept open in the winter season and less than half of these, according to their own declarations, found it a profitable venture.

Under the encouragement of the New England chambers of commerce, more than sixty New England hotels were encouraged to enter the winter sports game last season, and, with one exception, all reported a profitable season. All these hotels and several others will remain open next year. The New England railroads have announced exceptionally inviting rates for party movements. The various New England chambers of commerce have tacitly designated the Convention and Tourist Bureau of the Boston Chamber of Commerce, of which Denny B. Goode is manager, to act as a clearing house in the local encouragement of winter sports in New England, and any of the secretaries from outside the New England states or chamber of commerce members who desire to experience the thrills and pleasures of skiing or snowshoeing through the White or Green Mountains or the Berkshire Hills, or tobogganing or driving out upon the New England lakes and fishing through ice or the dozens of other pastimes afforded, should communicate with the Boston Chamber of Commerce.

#### Watching World Trade

THE American Section, International Chamber of Commerce, has inaugurated a new service to its members. Information letters are sent out at frequent intervals, usually in the neighborhood of every fortnight, to all members in the United States. These are prepared by Basil Miles, Administrative Commissioner, and contain up-to-the-minute commercial information concerning European countries.

The comments received on the first information letter indicate that the members are very appreciative of this service. All agree as to the value of such accurate and timely information.

It is also planned to send out special reports dealing with one country only and based upon special visits of Mr. Miles. This service is to be inaugurated as a result of a visit made by Mr. Miles to Germany. His report on this visit was received so enthusiastically by members of the American Section that this type of report will be repeated at irregular intervals.

THE BANANA plays a part in the economic life of the South Seas as well as of lands nearer to us. Upon behalf of growers in the north of Australia, the Australian government imposed a prohibitive import tax on bananas from Fiji. Thereupon, Fiji looked to Canada for a market, and the story goes that Canadians have undertaken to provide steamers to carry Fijian fruit to Canadian ports.



## The Scrubbing Engineer Makes Scrubbing a Profit -Not an Expense!

At your service!—the Scrubbing Engineer!

He comes to rid employers of the waste and extravagance of antiquated hand-and-knee scrubbing. He comes to liberate industry from the drudgery—and the dirt—of the pail and scrubbing brush. He heralds the adoption of electric scrubbing by all business! He brings you a message that warrants your hearty welcome.

The scrubbing engineer will gladly show you, without obligating you in any way, how you can get floors really clean for less time, labor and money than partially clean floors now cost you.

#### Booklet, "Electrical Scrubbing," Free

A copy is yours on request. This history of the application of electricity to scrubbing will interest you. Send for it now while you think of it.

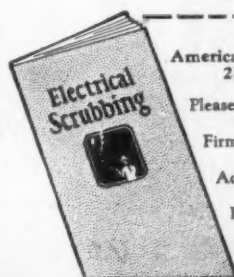
AMERICAN SCRUBBING EQUIPMENT CO.

General Offices and Factories

HANNIBAL, MO.

District Offices in Principal Cities

## "Clean Floors Reflect Clean Business" FINNELL SYSTEM OF ELECTRIC SCRUBBING



EXECUTIVE'S MEMO

American Scrubbing Equipment Co.  
21 N. Collier Street Hannibal, Mo.

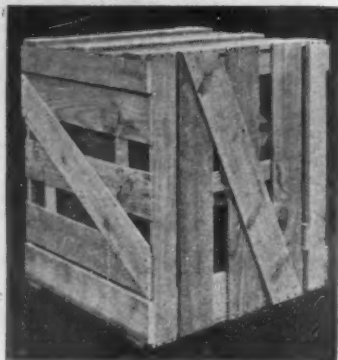
Please send brochure shown here to

Firm Name.....

Address.....

Individual's Name.....

Title.....



*The crate on the left was designed by a Weyerhaeuser engineer to replace the one shown on the right.*

*The diagonal bracing and 3-way corners make a strong, rigid crate that absorbs the bumps and keeps the strain off the contents.*

*Internal bracing holds the contents in place. Liberal use of resawed lumber for sheathing affords ample protection against damage from the outside. The dealer will receive unmarred merchandise.*

*Curiously enough the new crate shows a number of savings over the old one.*

*This new crate is made up in sections on jigs. It is delivered to the packer in sections. He is not required to do any cutting or fitting.*

*An instance of what Weyerhaeuser Crating Engineers are doing for shippers every day.*



## This Crating Service May Do as Much for You

**A**S an example of the kind of thing that is making business officials sit up and look to their packing, consider the crates pictured above.

The crate on the left was designed for a manufacturer of washing machines by a Weyerhaeuser Crating Engineer.

It takes the place of the crate on the right which used over 11 feet more of lumber. It is stronger in every way—a reliable protector of its contents.

It is 39 pounds lighter. A saving in freight alone that amounts to 3900 pounds per car shipment. No mean item in these days of high freight rates.

Furthermore it represents a saving in labor costs. This new crate is put together in half the time required to make the old crate.

**A**NY business man who looks into Weyerhaeuser scientific crating is liable to find himself dealing with *big-figure savings*. But the greatest thing this service does is to insure the delivery of merchandise in perfect condition.

As a result the shipper's customers are pleased. It is service that they recognize and appreciate. Dealers have tired of the damage claim nuisance. They want goods fit to go direct to the salesroom.

Shippers who have adopted scientific crating report other advantages and savings. It speeds up collections, decreases sales resistance and gives to their salesmen a new selling tool. Safe packing builds good will.

**T**HE services of the Weyerhaeuser Crating Engineers are offered to the executives of business concerns—by appointment on request.

There is no charge for this service. This organization feels that the position of lumber as the standard material for shipping containers imposes the obligation to deliver 100% value with every foot of lumber we sell.

For crating purposes, this organization supplies from its fifteen distributing points, ten different kinds of lumber, of uniform quality and in quantities ample for any shipper's needs.

A booklet, "Better Crating," which outlines the principles of crate construction and explains the personal service of Weyerhaeuser engineers, will be sent on request to any manufacturer who uses crating lumber.

Weyerhaeuser Forest Products are distributed through the established trade channels by the Weyerhaeuser Sales Company, Spokane, Washington, with branch offices at 208 South La Salle Street, Chicago; 220 Broadway, New York; Lexington Building, Baltimore; and 4th and Robert Streets, St. Paul; and with representatives throughout the country.



### WEYERHAEUSER FOREST PRODUCTS SAINT PAUL • MINNESOTA

*Producers for industry of pattern and flask lumber, factory grades for remanufacturing, lumber for boxing and crating, structural timbers for industrial building. And each of these items in the species and type of wood best suited for the purpose.*

